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**RUSSIA'S EUROPEAN AGENDA AND THE BALTIC STATES**

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## **ABSTRACT**

Russia has always been a primary factor in the development of the Baltic States. It is impossible to analyse Baltic security without looking into the processes inside Russia and the prevailing trends vis-à-vis the Baltic States. However, the changes in the Baltic security landscape in the 21st century lack a comprehensive analysis. This thesis seeks to bridge the gap.

Two key aims are being pursued in this thesis. The first is to present an analysis of Russia's European agenda under President Vladimir Putin and to examine the place of the Baltic States in this agenda. The second aim is to define Russia-related threats and challengers to the Baltic States, as well as prospects in Russo-Baltic relations.

To attain these aims, inter-active approach to international relations, comprising three levels of analysis - the international system, the nation state (domestic level) and the individual (personality) level - has been applied. The neo-realist paradigm of international relations theory, comparative analysis and the Knudsen model, which addresses the peculiarities of relations between great powers and small states, are the methodological framework of the thesis.

When analysing the development of Russo-Baltic relations in 1990-2006, this thesis focuses on the evolution of the Baltic States from factors to actors and their chance of shaping Russo-Baltic relations from within the enlarged EU and NATO. It also examines possibilities for more active engagement of Russia in the Baltic region.

The thesis concludes with an analysis of perspectives for the Baltic States in countering Russia-related threats and building cooperative relations with Russia. The author maintains that 'high politics' in Russo-Baltic relations has ended, yet, the tensions do remain in 'low politics'. Russia seeks to retain her political and economic influence in the Baltics by exploiting various tools, primarily economic levers and Baltic dependence upon Russian energy.



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## CHAPTER 1

### INTRODUCTION

This thesis presents an analysis of Russia's domestic and foreign policy under Vladimir Putin, who has been the country's president since 2000, Russia's approach towards the global and European security architecture in general, and the Baltic region, in particular. Beside this, it systematically examines the evolution of Russo-Baltic relations throughout 1990-2006, outlining the main dimensions of the Russian factor, which has had an impact on the security environment in the Baltic Sea region. The thesis also assesses possibilities for more active engagement of Russia in the Wider Europe<sup>1</sup> through bilateral and multilateral cooperative frameworks for regional security. Above all, it concentrates on the particular evolution of the Baltic States and their possibilities of shaping Russo-Baltic relations from within the enlarged European Union and NATO. Lithuanian-Russian relations, including their Kaliningrad-related content, are presented as a case study.

#### *Reasons for undertaking this study*

Russia is a key factor in terms of the political development of the Baltic States. It is impossible to analyse Baltic security without keeping in mind the processes taking place inside Russia and the prevailing trends vis-à-vis the Baltic States. It is noteworthy that the undergoing changes in the Baltic security landscape lack the comprehensive analysis, since researchers tend to address only specific issues rather than provide a full picture. This particularly applies to Russo-Baltic interaction in the 21<sup>st</sup> century. Moreover, there is a need for a (re)assessment of the peculiarities of relations between a great power (Russia) and small states (the Baltics). To provide a broader perspective on Russo-Baltic relations, the dissertation aims to give a conceptual view of Russia's policy on the Baltics within the European security context. A particular emphasis is put on the post-11 September 2001 (after – 9/11) global security environment and the dual enlargement of NATO and the EU.

This work is a further and broader development of the author's MSc thesis *The Russian Factor in the Present Security Policy of Lithuania*<sup>2</sup> (covering the period 1996-2001), and, to some extent, a sequel to Ambassador Česlovas Stankevičius' monograph *Enhancing Security of Lithuania and Other Baltic States in 1992-94 and Future Guidelines*<sup>3</sup>.

#### **1.1. Background**

States exist in a certain space, defined by their geography, historical experience and culture. This space is in the process of constant change, and the dynamics impacts on the political processes of states, their relations with neighbours and their geopolitical orientation. This equally applies to the main subjects of this dissertation – Russia and



the Baltic States. Since the collapse of the Soviet Union in 1991, Russia has been reshaping her policy. The Baltic States, since the restoration of their independence in 1990, have also been redefining their place on the continent and in the region.

Russia is no longer a super-power or even a global power; after the Cold War she became a regional power.<sup>4</sup> Russia is largely a transition state: from totalitarianism and planned economy to democracy and market economy; from a superpower to a regional power; from an empire to a national state; from a Eurasian 'special' way to cooperation with the West. The geo-strategic location of Russia remains important but her geopolitical situation is unenviable. In the West, Russia borders the enlarged EU with its population of about 454 million and with its economy about 10 times larger than Russia's. In the South, Russia is surrounded by Islamic countries with the population of 300 million and by China with the population of 1.2 billion and an economy which is four times bigger. However, it would be a mistake to consider Russia as a non-influential state. Suffice it to say that Russia is one of the richest states in the world in terms of natural resources - oil, gas and timber reserve. Moreover, Russia also possesses some 2000 nuclear missiles and still remains the only power in the world, which can maintain the balance of mutually assured destruction with the United States. This confirms that Russia is an important player on the European, Asian and global scenes. Although Russia initially relinquished some of her power as the nation fell into disarray following the USSR's dissolution, she is undergoing recovery and has influence over the world, especially due to the growing need for her energy resources.

Putin's Russia is a largely authoritarian state with a state directed, although mostly private, economy and a weak civil society. The belief that after the Tsarist and Soviet periods Russia will become a state with a Western-type market economy can only be supported by the belief that contemporary Russia will become a country, which she has never been before in her history, without a burden of the past and other relics. Russia has never developed into a Western European democratic type of state, albeit this chance was given to her many times.<sup>5</sup>

Russia is what she always has been – a vast country with the longest frontier in the world and more neighbours than anyone else in the world. Those neighbours are either unthreatening (in the West), or unstable (on the Southern border) and potentially menacing (in the East). Russia therefore needs a foreign policy, which maintains her domestic stability and prosperity, expands good relations with neighbours and other states, manages threats from the South and contains threats from the East. This requires a defence posture that combines 'efficient and flexible conventional forces with a minimum but sufficient nuclear deterrent'.<sup>6</sup>

To achieve these aims Russia needs to reform her political and economic institutions and to conduct far-reaching military reform. It will not be quick, cheap or easy. The most fundamental challenge for Russia in the last decade was to fashion a foreign and security policy that matches the country's limited means. In the meantime for Russia there is no point in setting herself foreign policy goals, which she has no hope of achieving – that way leads only to further humiliation. Russia probably will never again be a superpower but she can aspire to become a 'major power of the second rank'<sup>7</sup> – more important than any of the other European powers because of her size, geo-strategic

position and natural resources. Having realised her limitations, Putin's Russia has refused a messianic doctrine and acts within the framework of classical concert of the great powers.<sup>8</sup> This implies that Russia has dropped open confrontation with great powers but has not abandoned the ambition of restoring her greatness so as to enable her to challenge the West.

There is no question that the current Russian foreign policy is the foreign policy of her president. Two catchphrases used to describe Vladimir Putin's presidency – pragmatism and active diplomacy. In this context, one should not disregard the so-called 'securitization' of Putin's foreign policy, which implies, first and foremost, the primacy of political-security over economic priorities. Despite the awareness of economic imperatives increased, it is geopolitics that remains dominant; prominence is given to traditional political-military and security interests. Although 'balance of power', 'zero-sum', 'sphere of influence' and other geopolitical notions are abandoned in Moscow's official lexicon, their spirit permeates much of the current Russian foreign policy, where the pursuit of supposedly economic objectives becomes the instrument for projecting Russia's strategic influence.<sup>9</sup>

Russia's immediate agenda is modernization and her foreign policy should serve this end. An effective foreign policy is one that creates a strong state, which will in turn restore Russia's greatness. Russia has two key foreign policy objectives: the first is creating an international environment that is conducive to the country's economic growth and development and further integrating Russia into the global economic system; the second is resurrecting Russia's position as a modern great power.

Russia's first task towards achieving these objectives in her European agenda is the restoration of full control over the continental zone (heartland), i.e. rebuilding herself as a great power on a regional scale (i.e. CIS wide) based on a sound economy and backed by credible military might, as well as by strengthening the internal consolidation of the state. The second step is guaranteeing, at least, neutral or buffer state status to the countries of the Southern and Western hinterland, i.e. the South Caucasus and European CIS states, in the discontinental geo-strategic zone (rimland).<sup>10</sup> Therefore Russia aims not only to prevent the spread of the influence of the U.S. and other Western States, as well as their dominated international organisations, to Eastern Europe but also seeks to strengthen the geo-economic and geo-energetic dependence of Central Europe and the Baltic States on Russia. If circumstances become favourable, Russia, through her economic and energy influence, may try to transform some of Central and Eastern European countries, including the Baltic States, into her agents of influence in Euro-Atlantic institutions. Russia intends to use them for dividing the EU and weakening trans-Atlantic relations, and for supporting those political and economic decisions of NATO and the EU that are useful for her.<sup>11</sup> It is in this light Russia's foreign policy is considered in this thesis. In foreign policy terms, this implies zero-sum attitude to diplomacy, the pursuit of great power status, especially via energy exports, and a propensity to believe that that the rest of the world thinks and acts in just the same way.

There is a new trend in Putin's foreign policy. If Gorbachev and Yeltsin's foreign policies were primarily aimed at inclusion and integration into the West, Putin is focused on independence from the West and interaction with it. At the same time,



Putin's approach is not a policy of isolationism, rather it is pure *realpolitik*. The current rearrangement of the state, undertaken by President Putin, is an attempt to adapt Russia to the conditions of globalisation. It is in this context – the end of modernity and the adaptation to a global, post-industrial world – that the foreign policy of Russia can be interpreted.

Putin recognises that both East and West can be helpful in his project of rebuilding the state, although the Western direction has always been the first priority in Russia's expansion plans. Throughout the history, Russia has been both a threat to and a guarantor of the European power equilibrium.<sup>12</sup> Although Russia's choice between a European and Eurasian identity is still an ongoing process, as reflected in her multi-vector foreign policy, most experts agree that Europe is the best natural partner for Russia due to shared cultural traditions, as well as the tendency of the Russian people itself to embrace a European self-identity. In this sense, Russia's European policy has two imperatives: 'civilisation' and 'modernisation'.<sup>13</sup>

Moscow's primary interest with respect to Europe consists of making it instrumental for the country's transformation: it is mainly in Europe that markets and potential investment lie. The interaction of Russia and Europe is considerably influenced by the current changes on the continent: the enlargement of NATO and the European Union, the impact of the 9/11 events and beyond, the Iraq war and other developments. Beside this, the residual 'imperial syndrome', manifesting particularly in Moscow's policy towards post-Soviet space affects Russia's relations with Europe. After EU enlargement, the new 'common neighbourhood' has acquired a particular importance because it may stimulate both cooperation and conflict between Russia and Europe. The developments during the last several years have demonstrated that Russia has a lot of problems with exercising her role of the judge or broker in this 'common neighbourhood'; that apparently Russia has no power to proceed with her so-called 'Monroe Doctrine'.<sup>14</sup>

It should be said that Russia has never been opposed to cooperation with Europe *per se*. What she seeks are forms that advance her concrete benefits. Russia is too large and too different to be easily absorbed into all of Europe's institutions but is also too important to be ignored. A democratic Russia is Europe's best hope for a cooperative relationship. The success of Russia's integration into a Wider Europe and into a new European security order will depend, to a large extent, not only on the political and economic structures she adopts internally but also on her ability to adjust ultimately to her loss in status.

Although this dissertation is dealing with Russia's European agenda, developments beyond Europe, above all Russia's relations with the United States, are no less relevant to the research subject. Suffice it to say that the Russia-U.S. relationship has a very obvious European dimension. The U.S. is strongly involved in many European-based issues, not least those that touch upon Russian concerns, such as NATO, Russia's 'near abroad', the Middle East, let alone U.S. influence on global affairs and key Western security and economic organisations (NATO, EU and the World Trade Organisation (WTO)), and important bilateral issues, such as nuclear arms control, which remain the preserve of Moscow and Washington.

As a big power, Russia has always been an important neighbour of the Baltic States. When examining Russo-Baltic relations, it is important to make a conceptual analysis of a relationship between great powers and small states. The analysis is premised on the argument that relations between contiguous small and great powers tend to be unstable. The reason for this instability is that, at any given time, the nature of relations between neighbours is largely determined by factors outside the bilateral relationship.<sup>15</sup> Moreover, while the relationship is important to both sides, the importance is asymmetric: it is a matter of survival to a smaller state, but rarely, if ever, is that crucial to a great power. Thus, the search for a condition of 'enduring normality' is predominant in the policymaking of small states (i.e. the Baltic States).

Consequently, Baltic security is predetermined to a large extent by Russian policy: will Russia adhere to democratic principles and international legal norms, or will she pursue a policy of the former '*velikaya derzhava*' (great power)? It is noteworthy that during the 1990s NATO aspirations of the Baltic States were rejected vigorously by Russia, which developed the security strategy of a 'traditional major state nature seeking strategic influence through power projection and intimidation'.<sup>16</sup> Meanwhile NATO and the EU have modified their strategies towards the opposite direction: by placing much more emphasis on cooperative security regimes based on commonly shared non-military threats, on the engagement of all actors, on confidence and security building measures and on spreading of stability. Thus, the essential strategic problem of the Baltic States has been that they have faced the challenge of having to relate to 'two opposing and incompatible external security strategies directed towards them': a Western co-operative security strategy and a traditional Russian power-based security strategy.<sup>17</sup>

Regarding the evolution of the Baltic States, during the last decade they have undergone an epoch-making transformation - from the Soviet style republics to progressive Western-style societies. The three Baltic States avoided being granted a 'special case' label, which would be a real danger not only for them but equally for the entire region: it would mean isolation, uncertainty and a grey security zone. In 2004, the Baltic States succeeded in their ultimate strategic goals – they became full-fledged members of NATO and the European Union. Furthermore, the Baltic States have acquired a status of reliable partners and allies of the West, which provides not merely privileges but responsibilities as well. This also means a dividing line, separating two periods of Baltic foreign policy – prior to the membership of the EU and NATO and afterwards.

Throughout the last decade Russo-Baltic relations have changed tremendously – from confrontation to dialogue and cooperation. The Baltic States are seeking to find *modus vivendi* with their big neighbour – Russia. It is the Baltic membership of NATO and the EU that should make possible the ultimate reconciliation between Russia and the Baltic States and create more solid ground for stable mutual relations in the future. The Baltic countries are already designing their relations with Russia as an integral element of NATO-Russia and EU-Russia partnership and cooperation. It is in the self-interest of the Baltic States to promote a more constructive Russian posture in European security affairs. European and Baltic security can only be assured through integrating Russia into



a security community with the rest of Europe and the United States. This is the true security guarantee.

This thesis argues that 'high politics' of the ever-complicated Russo-Baltic relations is over. With the accession of the Baltic States to NATO, the Baltic security dilemma has been removed from the top of the agenda of the EU and NATO, i. e. the Baltic security question has been 'desecuritized' and became a matter of normal routine politics. Yet, tensions persist in 'low politics'. The key areas that top the Russo-Baltic agenda are Russian energy policy in the Baltic States and the sensitive bilateral issues related to Russian minorities in Latvia and Estonia, and civil and military transit to the Kaliningrad *oblast* via Lithuania.

## 1.2. Aims and objectives

The place and the role of the Baltic States in the region and in Europe cannot be assessed without taking into account the context of their relations with Russia. This thesis will analyse Russia's approach towards European security architecture and establish how the Baltic States are seen in this architecture.

The thesis seeks to achieve two key aims:

- *The primary aim* is to provide an analysis of Russia's European agenda in general, and her agenda in the Baltic region in particular.
- *The secondary aim* is to define threats and challenges, as well as prospects in Russo-Baltic relations.

These aims are to be achieved within a conceptual framework by analysing the forces behind policy continuity and change and identifying broader trends across the different subject areas. The attainment of these aims will provide Baltic foreign policy makers with new perspectives on the dynamics of Russo-Baltic relations.

Seeking to facilitate the achievement of these aims the following *objectives* are set:

- *First*, to examine Russia's European policy in the context of global developments and their interplay, including post-9/11 security environment and the dual enlargement of NATO and the EU;
- *Second*, to define the peculiarities of asymmetric relationship between Russia, as a great power, and the Baltic countries, as small states, in relation to the Knudsen model;
- *Third*, to assess to which extent Russia's foreign policy trends vis-à-vis her 'near abroad', manifest themselves in Russo-Baltic interaction;
- *Fourth*, to analyse the role of international institutions and cooperation frameworks in mitigating relations between Russia and the Baltic States and to the changing security regime in the Baltic Sea region;
- *Fifth*, to provide future perspectives for the Baltic States in countering Russia-related threats and shaping their cooperative relations with Russia.

### 1.3. Research methodology

#### 1.3.1. Basic approaches

The basic approach of this dissertation is that the reasoning behind foreign and security policies in Russia and the Baltic States is based on two factors - the external environment and patterns of domestic decision making. Any state exercises its foreign policy within the context of the international system. By defining the starting point of this study with Russia and the Baltic States as reference points, two key questions need to be answered: what is the present international system like, and what is the role of Russia and the Baltic States in this system? The dynamics of Russia's European agenda cannot be understood in full without an analysis of the country's politics within the European institutional frameworks. Regarding the role of international institutions, the dissertation will seek to answer the following questions: Do institutions matter to Russia? Can they enhance cooperation between Russia and the Baltic States? Can institutions prevent or contain Russia's (unilateral) behaviour and make her behave in a more co-operative way? The thesis will show that international institutions do matter in promoting Russia's cooperative attitude towards the Baltic Sea region and Europe, mitigating Russo-Baltic relations and changing security regime in the region.

To give arguments for the choice of a theoretical model of this dissertation, the author provides a brief look at the three schools of thought - three major paradigms of contemporary international relations theory – neo-realism (or structural realism), neo-liberalism (liberal institutionalism), and constructivism.<sup>18</sup> Each of these three paradigms allows form and forecast international politics in a different way. Neo-realists would explain Baltic-Russo relations in accordance with the theory of balance of power and world structure, institutionalists would give the greatest attention to cooperation with international institutions (NATO, the EU, the UN, the OSCE, and so on), whilst constructivists would analyse interaction between collective identities of these states. Each of these schools has its own flaws and limitations, and each of them may give different answers to the same questions.

The neo-realist school claims that the distribution of resources and power among states determines security politics, thus critically diminishing their freedom of action.<sup>19</sup> In the neo-realists' view, interests of the states are derived from their power<sup>20</sup>. States are assumed to be rational unitary actors, are seen to recognise structural change in the international system, reorder their interests and adapt. Distribution of power within the system determines its structure. Put another way, changes in the distribution of power result in changes within the system itself. According to all the characteristics related to power, the Baltic countries belong to the category of small states. When analysing Russo-Baltic relations in neo-realist terms, one should emphasise a big power asymmetry between the parties. Neo-realism particularly underlines the security dilemma, which appears between states as they increase their power. Relations between the Baltic States and Russia and the latter's negative attitude towards NATO enlargement is a classical example of the manifestation of the security dilemma.



The second school - neo-liberalism - assigns a key role to international institutions. As international systems are self-help systems by nature, neo-liberalists view security policy as a function of the binding and integrating role of international institutions.<sup>21</sup> Albeit considering states' interests as pre-existing, neo-liberalists, in contrast to neo-realists, reject the notion of the state as a unitary actor. Moreover, they break the state into its component parts and challenge the utility of neo-realist assumption of the state as a rational actor. Leading institutionalists, however, are generally cautious with respect to 'institutionalisation' as encompassing conflict-solution strategy, since institutions depend on evident self-interest.<sup>22</sup> At the same time, they claim that national interests can be restrained by the civilising effects of international institutions: they may mitigate fears of cheating, allow cooperation to emerge and provide for reciprocal flows of information.<sup>23</sup> According to institutionalists, even the aspirations for membership in international organisations substantially affected security policy of the Baltic States. NATO and EU membership and the obligations related to it – good neighbourly relations, domestic stability and liberalisation of economics – have had solid stabilising effect on Russo-Baltic relations.

Finally, the constructivist strand holds that the social construction and projection of identity defines security policies, which are 'projection of self-images' and 'behavioural norms'.<sup>24</sup> Constructivists treat security as a function of collective or national identity: changes of identity would affect interests and the pursuit of national security policies.<sup>25</sup> Another characteristic feature of constructivism is that it is not a theory of the type of realism, neo-realism or neo-liberalism, rather it is a meta-theoretical position.<sup>26</sup> Like institutionalism, constructivism decouples the emergence and enforcement of international norms from domestic interests, thus making the theory itself very suspicious. Constructivists stress the role of perceptions, politics of identity and specialisation of actors through international interaction, making the argument that 'identities are the basis of interests'.<sup>27</sup> In their view, security is not defined by distribution of power and resources but is a reflection of the epistemological and institutional environment.<sup>28</sup> In terms of constructivism, Russo-Baltic relations should be analysed as the expression of threat perceptions, historical experience, and cultural values and norms.

To sum up, the discussed schools of thought share the same pitfall: to a smaller or greater extent, they all are too simplistic, or have a too narrow perception of the international system. The dividing lines between neo-realists on the one hand and neo-liberalists or constructivists on the other are well drawn: the three theories give different interpretations of the international system, thus they would differently explain Russia's role in this system. Besides, these theoretical approaches may compliment each other and, equally, contradict to each other. Thus, the choice of a theoretical model for a research subject becomes crucial.

The author considers a neo-realist approach best suited as a theoretical basis for the research subject. This choice is supported by the argument that neo-realism can best explain Russia's threat perception, her interests and policy towards Europe and the Baltic States. Russia's foreign policy itself is conceptualised using neo-realist terminology, such as 'national interest', 'domination', 'sphere of influence', and other notions. The theories of relations between big and small states are based on the neo-



realist paradigm. The very notion of 'big' and 'small' states comes from this paradigm. Furthermore, the author upholds the view dominating Western political thinking, that although today we are witnessing the replacement of a traditional external balance of power by an internal institutional balance of influences, the essential features of international politics remain unchanged.<sup>29</sup> The shift to substantial minimisation of a probable mass-scale armed confrontation, the increasing all around interdependence and harmonisation of states' interests do not put an end to interstate rivalry but only alter its forms. In this respect, despite the shortcomings of neo-realism, it has been labelled as 'the most prominent contemporary version of *realpolitik*'.<sup>30</sup> It is the latter that remains of particular relevance to Russia's politics, where traditional security issues play the decisive role, where geopolitical rather than cooperative priorities dominate.

### *1.3.2. Application of the neo-realist paradigm*

This section looks into some specific strands of neo-realism relevant to the research subject, their interplay with other international relations theories, and provides further reasoning behind the choice of neo-realist paradigm as a conceptual basis for this dissertation.

Waltz's neo-realism<sup>31</sup>, frequently referred as 'structural realism' or 'defensive realism', is the most well known version of neo-realism, although some might prefer Buzan's version.<sup>32</sup> Neo-realism assumes that international system largely determines a state's behaviour, which is a function of 'objective' national interests and constraints imposed by international power configurations. Domestic structures and political regimes have only limited affect on a state's foreign policy, if at all.<sup>33</sup> Similarly to classical realism<sup>34</sup>, Waltzian neo-realism also defines ideology, identity, motives and intensions of a state simply unimportant. Thus, neo-realism treats security as embodiment of objective structure, as an 'unavoidable expression of anarchy in international relations'.<sup>35</sup> Neo-realists assume that statesmen will respond rationally to this precondition and will choose that foreign policy course, which is most likely to maximise security benefits and minimise security risks.<sup>36</sup>

It is noteworthy that neo-realism is not a coherent school of thought, rather a range of theories which in many cases come to different conclusions or explanations. One particular branch of neo-realist studies highlights the peculiarities of the foreign and security policy of small states. It argues that due to their limited means, policies of small states are usually confined to their own region. Changes in foreign policies of small states are subject to fluctuations in the structure of the international system and/or the degree of threat posed by great powers.<sup>37</sup> Given their sense of vulnerability (their survival is far more precarious than that of big powers), small states may counter the dominance of great powers by joining alliances, by demanding an 'import' of security guarantees, and by capitalising on their smallness and producing 'moral noise'.<sup>38</sup>

The Baltic States seem to share certain listed features. The neo-realist claim holds that the Baltic States are 'over-determined by external conditions', betrayed by history of 'victim-hood', threatened by Russia, are, therefore, in need of alliances, particularly with NATO.<sup>39</sup> These kinds of assertions serve as explanatory context for security. What is problematic here is that Baltic security policy is reduced to geopolitics. The context

of 'geopolitical and historical self-evidence' marginalises the availability of possible choices, the role of domestic security policies, and eventually national interests.<sup>40</sup> Furthermore, a standard neo-realist treatment of small states follows the logic of power balancing and is based on two questionable assumptions: neighbouring great powers are expansionists and cooperative security is almost impossible. Some authors nonetheless argue that, in contrast to bigger powers, small states are keen to reject confrontational attitudes.<sup>41</sup> Even 'hard-line' realist thinking acknowledges that cooperation rather than competition but would be the best way to increase security.

Finally, international institutions occupy a secondary place in the neo-realist school. Neo-realism admits the existence of collective interests and a collective strategy, but it assesses the nature and content of international institutions, above all, on the basis of the interests and calculations of great powers.<sup>42</sup> Simply put, neo-realists emphasise relative gains from international cooperation: they ask who will get more from international cooperation.

Some scholars, however, uphold 'soft' neo-realist approach, acknowledging that international institutions can change states' behaviour. As Robert Jervis writes, 'international arrangements can alter the power, beliefs, and goals of groups in society in ways that will affect foreign relations'.<sup>43</sup> This is certainly valid for the Baltic case since structural factors, resulting distrust and fears vis-à-vis Russia 'could, at least theoretically, become subject to changes due to the international institutions in which the Baltic States participate'.<sup>44</sup> As Charles Glaser argues, 'increases in the adversary's security often increase one's own security because a more secure adversary has smaller incentives for pursuing an expansionist foreign policy'.<sup>45</sup> The mutual gain in security would be a change in adversary's intentions but not in relative gains in terms of military power. In the security realm, instead of a 'relative gains problem', one achieves 'a mutual gains benefit'.<sup>46</sup>

To sum up, neo-realism is particular in that it is not only a certain concept and a system of viewpoints but is also a 'practical set of guidelines, a method of carrying out a policy and a dimension of political reality'. The approaches inherent in neo-realism, albeit not exhaustive, still remain necessary and important for analysis and decision-making in the realm of international politics.<sup>47</sup> Taking all these arguments in mind, the author considers neo-realism the most complex and balanced mindset to be applied as a conceptual basis of this study. Identities and norms are not treated as the absolute root causes of policy agendas both in Russia and the Baltics.

A major problem with neo-realist theories is that they dismiss other important variables, e.g. the role of international institutions, domestic structures and individuals. The international system defines the broad parameters of foreign policy behaviour but obviously it cannot explain the specific decisions that determine the behaviour of states in the realm of international politics. Only when national interests are clear can neo-realist theories adequately explain foreign policy behaviour. Therefore, although this dissertation is broadly located within the neo-realist interpretation, it does not confine itself by the international systemic approach but includes other levels of analysis – the domestic political and individual levels.



### 1.3.3. The Knudsen model

When examining Russo-Baltic relations in neo-realist terms, the author applies the Knudsen model<sup>48</sup> as a conceptual framework for the analysis. The thesis will show that this model can explain many features of the asymmetric relationship between a great power and a small state, therefore it is applicable to the analysis of Russia's relations with the Baltic States. It should be stressed that smallness of a state is important here in terms of capabilities. Resource capabilities necessarily constrain the scope and domain of a state's foreign policy. Thus, a small state can be defined as a state having limited capacity to influence security interests of, or directly threaten, a great power and defend itself against an attack by an equally motivated great power.<sup>49</sup> In analysing the security of a small state, one is dealing essentially with power disparity – a significant power differential between great powers and small states – as seen from the perspective of the weaker side. In other words, while continuing to use the term 'small state', it is the experience of power disparity and the manner of coping with it that is the focus of this thesis. That said, the point of the model is to explain 'the application of political pressure by a great power against its smaller neighbour'.<sup>50</sup>

In studying power disparity, Knudsen introduces six independent variables, which seem to influence the prospects for preserving the autonomy of a smaller state. *Variable 1* – the strategic significance of a small state's geographic location – is defined as the predominant elite perception in the nearest great power of the difference it would make to its security if a small state were to fall in the hands of their main opponent. From this perspective the security issue linking two neighbours becomes a question of how the territory of a state can be exploited by another great power in the execution of sinister designs. *Variable 2* – a degree of tension between great powers – is the chief dynamic variable for a small state's security. In other words, a small state is important for a great power not so much for its own sake or ability, but for what it can do to the strategic relationship. Therefore, the greater the conflict between great powers, the greater strategic importance of a small state to its great power neighbour and to a neighbour's great power enemy (rival).<sup>51</sup> Given high tension, the nearest great power is more likely to respond to 'apparently non-conforming small-state action with restrictive measures', and more likely to take preventive measures to keep the options for a small state to a minimum.<sup>52</sup> *Variable 3* – phase of the power cycle – 'the degree of extroversion in a great power's foreign policy'. This should be thought as the 'sum-total of the state's resources devoted to external activities'.<sup>53</sup> All great powers go through power cycles, starting from internal growth to external expansion to overextension and subsequent decline, and this directly affects their peripheries: pressure on small neighbours will rise and ebb as cycles change. In the extrovert phases, not only are small neighbours squeezed, tension is also likely to rise between a great power and its rivals, further exacerbating the neighbourly pressures.<sup>54</sup> *Variable 4* – the historical record – gives reference to the history of relations between a small state and the nearest great power. Trust is essential for the development of stable relations between states. Historical experience is the 'strongest conditioner' for the development of trust.<sup>55</sup> Thus, history may work against attempts to stabilise the relationship of power disparity. *Variable 5* is the policy towards a small state of other rivalling great power(s). A neighbouring big power is always fearful that a small state might be pushed into the sphere of influence of another (more distant) great power. The rival's policy vis-à-vis one's own 'near

abroad' is indeed a very sensitive issue. Hence, the power disparity relationship becomes linked with the overall balance of power. *Variable 6* – the existence of the environment of multilateral security and cooperation – helps stabilise asymmetric relations (due to their power disparity) between great powers and small states.<sup>56</sup>

To sum up, the six variables taken together define the political environment of power disparity: interacting over time, they constitute the operative surroundings for the policy of a small state.<sup>57</sup> Not all of the variables are equally active in the interaction process. Obviously, the importance of a strategic position is a necessary condition for a power disparity relationship to be politically salient. Historical experience conditions the choice of policy on both sides – the lack of trust contributes to tension. The chief operating variable is tension between great powers. The variable most likely to interact with the tension variable is the power cycle variable. Sharp increase or decrease in a major state's power position will in both cases affect the expectations of conflict and violence on the part of that and rival states. Small states located near such changes are likely to be affected. Multilateral security institutions may be able to have a dampening effect on instability factors. This is not to say that a small state is doomed to passive acceptance of the environment inputs; it may also, under certain circumstances, be able to influence the operative environment to improve its position.

Apart from independent variables, the Knudsen model introduces a dependent variable - 'de-occupation'. In the Baltic case, 'de-occupation' is perceived as a process, comprising attempts of the Baltic countries to liberate themselves from the influence of the big neighbour. In a broad sense, the process of 'de-occupation' encompasses three levels: consolidation of legal, political and economic independence of a small state. The importance of different combinations of these variables in the evolution of Russo-Baltic relations will be analysed in the later parts of this dissertation.

On the whole, the reasons behind the choice of this model are obvious. First, Knudsen is a prominent representative of neo-realist paradigm, which has been chosen as the theoretical basis of this thesis. Second, this model incorporates both internal features of states and external (geopolitical) environment. This broadens the analysis of relations between states and allows us to study them not merely on a bilateral level but in a wider international context. Third, instead of taking international system in general as an independent variable, the model uses the degree of tension between a neighbouring big state and another (more remote) great power. When analysing Russo-Baltic interaction, it allows us to take into account the relations and the degree of tension between Russia (as a neighbouring power) and the United States (as another great power). Fourth, the model provides all-inclusive assessment of players: it takes into account domestic developments of a great power and strategic significance of a small state. Fifth, a dependent variable makes possible to consider Russo-Baltic relations as a continued 'de-occupation' process. Last but not least, this model introduces a significant factor of multilateral security and cooperation (which is largely ignored by many authors). All these arguments were in support of choosing the Knudsen model for this dissertation.



#### 1.3.4. Research methods

To meet the aims and objectives of this dissertation, a factual model based on events and main policy trends is established. Political processes, discussed in this study, are seen from both Russian and Baltic perspectives. With regard to Russia's performance in domestic and international environment, the author adopts the method of *comparative analysis*<sup>58</sup>, measuring the key aspects of the Putin administration's performance against that of Yeltsin. The aim is to evaluate changes in Russia's foreign and security policies, her perceptions of Europe and the Baltics, and to reveal trends how Russia's foreign and security policy may develop in the years to come. Comparative analysis is also applied to assess the evolution of security policy of the Baltic States.

The author maintains that despite some differences in the current conditions of the Baltic States' development (e.g. ethnic composition, treatment of their minorities, the Kaliningrad factor), they have much more in common: their geo-strategic position and threat perception, their joint past as part of the Soviet Union, similar political agendas, comparable problems in constructing security policies, and the outside view of the Baltic States as a group. Therefore the author tends to rely more on a *theme-based layout* than a case-based approach with one exception - the *case study* of Lithuanian-Russian relations (chapter 7). Chapters 2-8 provide analysis of a focused grouping of literature supported by practical experience of the Baltic countries and the author's personal observation and expertise.

To incorporate the full array of factors affecting complex Russo-Baltic policies, an *interactive approach* based on the interplay between the international, domestic and individual levels has been used.<sup>59</sup> The international systemic approach argues that foreign policy outcomes result solely from a changing external environment but not from a domestic change. The domestic political level (or state level) defines foreign policy as the result of 'domestic political manoeuvring'.<sup>60</sup> This level examines the operational environment - the political context and mechanisms - for policy making. The individual level of analysis focuses on the actions and behaviour of individual policy makers in order to explain how they define purposes, choose among causes of action and utilise national capabilities to achieve objectives in the name of the state.

Taken separately, the importance of these levels of analysis for Russian and Baltic foreign policies is different. This is explained by their power asymmetry: the larger and more powerful a state, the greater is its freedom of action; while the choice for small states is more limited.<sup>61</sup> Since the Baltic countries (as small states) are more preoccupied with survival than Russia (a great power), the international system will be the most relevant level of analysis in explaining their foreign policy choices. Baltic policies reflect attentiveness to the constraints of the international environment, meanwhile Russia is supposed to be less vulnerable to external threats, and thus has more options for action. This makes her foreign policy formation 'more susceptible to domestic political influences'.<sup>62</sup> However, this is not to say that the international environment does not play an important role in the conduct of Russian foreign policy. Suffice it to mention that since the end of the Cold War Russia has no longer enjoyed her former position as a superpower.



### 1.3.5. Review of the thesis sources

In every aspect of international relations, Russia is a central research subject. In that sense, it is important for a researcher not to get lost among a great variety of sources. In this dissertation, the author refers to two types of sources: primary and secondary sources. Primary sources include interview data (the author's conducted face-to-face interviews with policy experts on Russia), conference material, document analysis, speeches, statements, lectures, as well as personal observation and expertise. Secondary sources comprise different types of literature: books and monographs, research papers, academic journals, current affairs magazines, internet sites, and the others. This body of sources provides a comprehensive account of the key developments of Russian domestic and foreign policy and its impact on the Baltic States. The author uses both Russian and foreign sources to provide a balanced view. The cited Russian sources are transliterated by using the NATO *Stanag* system.

The most serious flaw of many sources analysing Russian politics and Russo-Baltic relations is their piecemeal approach. Actors, mechanisms, ideas, interests and external influences are treated as separate factors, more or less unrelated to one another and divorced from a wider context. By and large, there are several approaches to Russia's domestic and external developments: some writers tend to focus exclusively on personality-driven politics; others have emphasized the influence of dominant ideas such as Russia's 'great power complex' or neo-imperialism; a third group sees particular sectional interests – the Presidential Administration, the *siloviki*<sup>63</sup>, the Foreign Ministry - as largely monolithic entities, while still others view Moscow's approach to international relations as largely *ad hoc*, chaotic and reactive. Indisputably, each of these perspectives contributes to the overall picture but in isolation they are too narrow and, therefore, misleading. The task of this dissertation is to find the relationship between the different views that inform Russia's European agenda and her approach to the Baltic States.

In contrast to countless research papers on Russia's domestic and external agendas, up to date Russo-Baltic relations have not yet been systematically examined. The development of the Baltic States as independent countries, the evolution of their cooperative relations with Russia, as well as the latter's changing policy towards the Baltics, lack a comprehensive analysis. Throughout the 1990s, few sources provided a more complete picture what was going on in the Baltic region, notably: O. Nørgaard *et al*, *The Baltic States after Independence* (1996); C. Stankevičius, *Enhancing Security of Lithuania and Other Baltic States in 1992-94 and Future Guidelines* (1996); 'Strategicheskaya Liniya Rossii v Otnoshenii Stran Baltii' (1997); G.P. Herd's studies: 'Baltic Security Politics' (1997); 'Baltic Security - A Crisis Averted?' (1997); and 'Russia-Baltic Relations, 1991-1999: Characteristics & Evolution' (1999); and S. Main, 'Instability in the Baltic Region' (1998). The majority of authors addressed only specific issues of Russo-Baltic interaction: J. Hiden and P. Salmon, *The Baltic Nations and Europe* (1994); S. Lieven, *The Baltic Revolution* (1994); G. Smith, *The Baltic States: The National Self-Determination of Estonia, Latvia and Lithuania* (1996); R. Krickus, *The Lithuanian Rebellion and the Break-up of the Soviet Empire* (1997); D. Trenin, *Baltiyskiy Shans* (1997); S. Blank, 'Russia and the Baltic States in the age of

NATO enlargement' (1998); N. Sokov, 'Russian Policy Towards the Baltics' (1999), G. P. Herd, 'Russia's Baltic Policy and the August Meltdown of 1998' (1999).

The Putin period (since 2000) is particularly marked by a scarcity of sources covering Russo-Baltic relations. The few sources are: G. P. Herd's articles: 'Estonia , Latvia and Lithuania: Security Politics into the Twenty-First Century' (2000) and 'Russian Systemic Transformation and its Impact on Russo-Baltic Relations'(2000); W.C. Clements, *The Baltic Transformed* (2001); D. Smith *et al*, *The Baltic States: Estonia, Latvia, Lithuania* (2002); and G. Vitkus, 'Changing Security Regime in the Baltic Sea Region' (2002). When examining the evolution of various aspects of Russo-Baltic relations since the early 1990s up to date this dissertation seeks to contribute to bridging a gap in such an analysis.

### *1.3.6. Summary*

The aims of this thesis are pursued by using one of the most common frameworks for international relations' analysis - inter-active approach - which comprises three levels of examination: the international system, the nation state (domestic) and the individual.<sup>64</sup> The systemic level - international system - examines the constraints of international (and regional) environment on foreign policy choices; the nation state level reflects how foreign policy is perceived and constructed domestically; the individual (personality) level reveals the role of individuals in the conduct of a state's foreign policy.

On the whole, the neo-realist paradigm of international relations theory, comparative analysis and the Knudsen model are the conceptual framework of the thesis. To assess changes in Russia's foreign policy, her perception of Europe and the Baltic States, as well as transformations in Baltic policies towards Russia, the method of comparative analysis is applied. The author uses qualitative approach and a theme-based layout, except the case study of Lithuanian-Russian relations (chapter 7).

### Scope of the dissertation

The dissertation provides the analysis of Russia's European policy under Putin (2000-2006) and the development of Russo-Baltic relations since early 1990s to 2006. In support of analysis, until 1 April 2006, the author carried out a systematic review of primary and secondary sources to provide the most up to date information.

The author tried to find an appropriate balance between Russian and foreign sources, between academic and non-academic material, written and oral. It is not merely the result of an examination of a wide range of written sources but, more importantly, it is the product of ideas developed through countless exchanges with foreign and Russian scholars, and Russian decision makers during meetings, seminars and conferences, as well as personal observation and reflection. Synthesis of analysed data provides the necessary conclusions of this dissertation and policy guidelines for Baltic policy makers.



## 1.4. Framework

Within the limits of research methodology the dissertation examines the evolution of Russia's foreign and security policy, focussing on her European agenda and defining the place and prospects of the Baltic States in that agenda. The dissertation is organised into nine main chapters.

**Chapter 1** is the introduction in the dissertation, comprising the background of the research subject, aims and objectives, the research methodology and a brief review of thesis sources.

**Chapter 2** provides a brief overview of the Yeltsin legacy, which sets the stage for the Putin era. The chapter focuses on the distinct features of Russia's post-Soviet foreign and security policy and its constraints imposed by domestic situation and international environment. Seeking to examine the main trends of Russian foreign and security policy, the chapter looks at Russia's strategic documents - National Security Concept and Military Doctrine. The chapter also deliberates on Russia's policy in the CIS, Russia's perceptions and reactions in respect of NATO and EU enlargement. The chapter concludes by delineating successes and failures of the Yeltsin presidency in domestic and international affairs. It states that the major shortcomings in foreign and security policy in Yeltsin's Russia was its largely chaotic and *ad hoc* character. Under Yeltsin, Russia was torn between her status as a regional power in terms of capabilities and a great power in terms of ambitions.

**Chapter 3** is devoted to the analysis of the key determinant of the Putin regime, widely considered as 'managed democracy'. The chapter discusses the peculiarities of the regime (power vertical combined with the tremendous influence of the *siloviki* in the conduct of the state, fusion between power and business, strengthening authoritarian trends), provides comparison of Yeltsin's and Putin's rule and contemplates possible scenarios of Russia's future development. By exploring Russia's domestic situation (the status of democracy, economic outlook, bargaining with oligarchs, the Chechnya problem, regional policy), the chapter assesses the effectiveness of the regime in terms of three key elements of state building: state capacity, state integrity and state autonomy. It concludes that the Putin regime shows clear regression in democratic trends. What is more, Putin's rule has not produced a more effective state, but a weak, corrupt and unaccountable regime, which is a major outcome of 'managed democracy'. This raises doubts about the long-term sustainability of the regime and its ability to respond to the needs of Russia's modernisation.

**Chapter 4** is about the actual conduct of foreign and defence policy under Putin. It starts from analysis of a conceptual basis of Russia's foreign policy: Russia's power cycle in accordance with the Knudsen model; policy priorities; aspect of multi-polarity and Eurasianism. On this basis chapter looks at a 'new' foreign policy, which particularly manifested itself through Russia's rapprochement with the West in the wake of 9/11. To provide the reasons behind this course and identify whether it is a strategic or merely tactical shift, the chapter analyses Russia's relations with the key Western countries, her policy in the post-Soviet space, cooperation with NATO and her defence



policy. In comparison with the Yeltsin period, the chapter argues that Putin administration's approach to many foreign policy areas contains significant elements of continuity, as well as transformation. The chapter concludes that the key factor of Putin's foreign policy is Western-centrism: Russia would not be able to fulfil her modernisation task without Western support and investments. The chapter also highlights a paradox in Putin's foreign policy: he is pursuing a Western-centric foreign policy, but has no interest in westernising (democratising) Russia. Due to resource constraints Russian foreign policy is likely to remain pragmatic and is not expected to challenge overtly Western interests.

**Chapter 5** focuses on Russia's relationship with Europe: their inter-dependency in economic relations, energy dialogue, security relations, the main obstacles in Russia-EU cooperation, and Russia's difficult choice between the U.S. and Europe. Part of the chapter is devoted to the Kaliningrad puzzle in the context of dual, and specifically EU, enlargement. The chapter analyses two 'faces' of Russia's Western-centrism – her balancing between the U.S. and the EU. The chapter concludes that Russian-European dialogue under Putin has become more institutionalised but has practically progressed little: their relations lack a strategic depth and largely remain in the sphere of narrow pragmatic matters. Beyond their general agreement on 'common spaces' the EU and Russia agree on little at present. They differ in many fundamental issues of cooperation; the underlying reason is growing value gap between Russia and the EU.

**Chapter 6** deals with Russia and the Baltic States. The chapter presents Russia's geopolitical and geo-strategic studies on the Baltics, analyses the importance of the Baltic region for Russia, and the changing dynamics of the Russian factor in Baltic security. It explores arguments related to the security dilemma in the Baltic Sea region, Russia's role in the process of NATO enlargement and her shifting attitude vis-à-vis this issue. It analyses peculiarities of relations between the great power (Russia) and the small states (the Baltics) in accordance with the Knudsen model. When looking into new Russia-related threats and challenges the Baltic States are facing today, the chapter argues and that these threats are no longer of a traditional military nature. The tensions remain in Russo-Baltic interaction in 'low politics'. Russia seeks to retain her political, economic and even cultural influence in the Baltics by exploiting various tools of power, primarily by using economic levers and Baltic dependence upon Russia's gas and oil.

**Chapter 7** presents a case study of Lithuanian–Russian interaction, underlining strong and weak points. The chapter focuses on two key areas: Lithuania's cooperation with Kaliningrad *oblast* and her dependency on Russian energy resources. It deliberates on Russia's civil and military transit to/from Kaliningrad via Lithuania and looks into EU and Lithuanian initiatives on the development of Kaliningrad *oblast* as a 'pilot' region with the aim of its integration into a Wider Europe. The chapter argues that Lithuania has managed to develop a stable relationship with the *oblast*, considerably reshaping its image, which provides a good opportunity for her cooperative relations with Russia. A lot of space and attention is devoted to Russia's geo-economic interests in maintaining Lithuania's dependence on her energy resources, which provides Moscow with some leverage on Lithuania's political life. The chapter concludes that Russia's economic

pressure on Lithuania impedes the consolidation of the economic independence of the state and worsens bilateral relations between the two countries.

**Chapter 8** assesses the importance of international institutions in Russo-Baltic relations and region building. By taking the densely institutionalised multilateral security environment in the Baltic Sea region, the chapter analyses the link between regional cooperation and security in neo-realist and neo-liberalist discourses. It argues that major impact of international institutions in the Baltic Sea region is 'desecurization' of hard security issues, which positively contributed to the development of Russo-Baltic relations and confidence and security building in the region. The chapter states that because of NATO and EU enlargements security environment in the region is becoming more homogeneous, which leads to the change of security regime in the region. The chapter concludes that despite these positive changes in the region, conditions for the creation of a security community are still lacking, therefore it is necessary to find ways of more active engagement of Russia in regional cooperation.

**Chapter 9** provides conclusions on every aspect of Russia's European agenda, which could be analysed in terms of: Russia's role in international system, her domestic and foreign policy, her interaction with the EU, her approach towards the post-Soviet space and the evolution of Russo-Baltic relations. The thesis places a special focus on the place and role of the Baltic States in Russia's European agenda. It deliberates the future perspectives for the Baltic States in countering Russia-related threats and shaping their cooperative relations with Russia, and simultaneously contributing to the strengthening of regional (and European) security.

<sup>1</sup> 'Wider Europe' – not the EU as it is today, but a truly inclusive community of European nations, capable of developing dynamically, is impossible without Russia in the economic, political, cultural or military areas. The idea of 'Wider Europe' later became the European Neighbourhood Policy (ENP).

<sup>2</sup> Šleivyte, J., *The Russian Factor in the Present Security Policy of Lithuania*, On the basis of MSc in Global Security Dissertation (Ministry of National Defence of Lithuania, 2002).

<sup>3</sup> Stankevičius, C., *Enhancing Security of Lithuania and Other Baltic States in 1992-94 and Future Guidelines* (Vilnius, May 1996).

<sup>4</sup> Two things are important: first, Russia as a successor state of the USSR, is generally considered as a former superpower; second, Russia is a very peculiar regional state extending through 11 time zones.

<sup>5</sup> Vareikis, E., *Dinozaurėjanti Europa* (Dinosaur Europe), (Vilnius: Strofa, 2002), pp. 231-232 (in Lithuanian), author's translation.

<sup>6</sup> Braithwaite, R., 'Russia under Putin', Lecture for Global Security MSc, (RMCS, Cranfield University (UK), 15 March 2002).

<sup>7</sup> Ibid.

<sup>8</sup> It is now generally accepted that the term 'super power' applies to the United States, 'great power' - to the United Kingdom, Germany, France, China, and Japan, disagreement on the status of Russia. See [http://en.wikipedia.org/wiki/Great\\_power](http://en.wikipedia.org/wiki/Great_power).

<sup>9</sup> Lo, B., *Russian Foreign Policy in the Post-Soviet Era: Reality, Illusion and Mythmaking* (Palgrave, 2002), pp. 158-167.

<sup>10</sup> Motieka, E., Statkus, N., and Daniliauskas, J., 'Global Geopolitical Developments and Opportunities for Lithuania's Foreign Policy', in *Lithuanian Annual Strategic Review* (Vilnius: Lithuanian Military Academy, 2005), p. 44.

<sup>11</sup> Bugajski, J., 'Russia's New Europe', in *The National Interest* (2003/2004 Winter).

<sup>12</sup> Kissinger, H., *Diplomacy* (New York: Simon & Shuster, 1994), pp. 24-25.

<sup>13</sup> Moshes, A., 'Reaffirming the benefits of Russia's European choice', in *Russia in Global Affairs*, Vol. 3, No. 3 (July-Sept 2005), p. 86.



<sup>14</sup> The Monroe Doctrine was affirmed in 1823: it declared that the Western hemisphere should no longer be considered as a subject for future European colonisation.

<sup>15</sup> Knudsen, O.F., 'Of Lambs and Lions: relations between great powers and their smaller neighbours', in *Cooperation and Conflict*, Vol. XXIII, No 4 (1988), pp. 111-122.

<sup>16</sup> Kværnø, O., 'When Security Strategies Collide', in *Baltic Defence Review*, No. 4 (Tartu: Baltic Security Society, 2000), p. 74.

<sup>17</sup> Ibid, p. 73.

<sup>18</sup> These schools of thought represent, respectively, three paradigms of international relations - realism, pluralism and globalism. The depiction of international relations field in terms of these three images is comparable in some respects to a categorisation devised by James N. Rosenau: state-centric, multi-centric and global-centric approaches to international politics. See Rosenau, J. N., 'Order and Disorder in the Study of World Politics', in Maghruri, R., and Ramberg, B. (eds.), *Globalism versus Realism: International Relations' Third Debate* (Boulder, CO: Westview press, 1982), pp. 1-7.

<sup>19</sup> Waltz, K. N., *Theory of International Politics* (New York: Random House, 1979).

<sup>20</sup> Buzan, B., *People State and Fear* (New York: Harvester Wheatsheaf, 1991), p. 150.

<sup>21</sup> Keohane, R. O., and Martin, L. L., 'The Promise of Institutional Theory', in *International Security*, vol. 20, No. 1 (Summer 1995), pp. 39-51.

<sup>22</sup> Ibid, pp. 40, 45.

<sup>23</sup> Keohane, R. O., *After Hegemony: Cooperation and Discord in the World Economy* (Princeton: Princeton University Press, 1984).

<sup>24</sup> 'Small States – Big Worries: Choice and Purpose in the Security Policies of the Baltic States', Brief 21 (Bonn International Centre for Conversion, February 2002), p. 9.

<sup>25</sup> Teriff, T., et al, *Security Studies Today* (Oxford: Polity Press, 1999), pp. 16-17.

<sup>26</sup> Meta-theories are theories about theories. See Andersen, K.G., 'The Metatheory and the Theories of Constructivism', in Jørgensen, K.-E. (ed.), *The Aarhus-Norsminde Papers: Constructivism, International Relations and European Studies* (Aarhus: Institut for Statskundskap, 1997), pp. 9-17.

<sup>27</sup> Wendt, A. E., 'Collective Identity Formation and the International State', in *American Political Science Review*, No 88/2 (1994), p. 385.

<sup>28</sup> Jepperson, R. L., Wendt, A., and Katzenstein, P., 'Norms, Identity, Culture in National Security', in Katzenstein, P. (ed.), *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University, 1996), p. 33.

<sup>29</sup> Straus, I. L., 'Unipolarity: The Concentric Structure of the New World Order and the Position of Russia', in *Kosmopolis Almanac*, Moscow, 1997, pp. 158-159.

<sup>30</sup> Pursiainen, C., *Russian Foreign Policy and International Relations Theory*, (Aldershot (UK): Ashgate, 2000), p. 101.

<sup>31</sup> Neo-realism is associated most closely with the theorists such as Kenneth Waltz and John Mearsheimer, it emerged in the late 1970s with the appearance of Waltz's *Theory of International Politics*.

<sup>32</sup> Buzan, B., *The Logic of Anarchy* (New York: Columbia University Press, 1993).

<sup>33</sup> Waltz, *Theory of International Politics*, pp. 71-72.

<sup>34</sup> Realism, frequently identified with scholars such as Hans Morgenthau and Henry Kissinger, considers anarchy the primary characteristic of the international system. Given the lack of central authority, states compete with one another within a loose system that includes some rules, norms and patterns of behaviour, but which ultimately causes the individual nation-states to look out for their own interests, i.e. the system of self-help. The means for protecting, preserving and promoting their interests is power, hence, states will be preoccupied with their own power capabilities and how they relate to the capabilities of other states. The second group of realists - associated with Waltz – finds the explanation for the centrality of power in the structure of international system. This view is called structural realism or neo-realism. See Maghruri and Ramberg; also Rosenau; Waltz, *Theory of International Politics*.

<sup>35</sup> 'Small States', p. 10.

<sup>36</sup> Under conditions of anarchy (like the assumption of continuous competition and conflict) states only have two choices: balance or bandwagon, and states almost always choose balance in the long term (they bandwagon in the short term) whenever the system grows calm. This is because for nations, the power of others is always threat, and times when the system grows calm is the time they move their pieces to balance the power of more powerful states.

<sup>37</sup> Elman, M. F., 'The Foreign Policies of Small States: Challenging Neo-realism in Its Own Backyard', in *British Journal of Political Science*, Vol. 25 (1995) p. 172.

<sup>38</sup> 'Small States', p. 10.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> Bauwens, W., Clesse, A., and Knudsen, O. F. (eds.), *Small States and the Security Challenge in the New Europe* (London, Washington: Brassey's, 1996), p. 87.

<sup>42</sup> Dergachev, O., 'Realism', in Segbers, K., and Imbusch, K. (eds.), *The Globalisation of Eastern Europe: Teaching International Relations without Borders* (Transaction Publishers, 2000), p. 89.

<sup>43</sup> Jervis, R., 'Realism, Neo-liberalism and Cooperation', in *International Security*, Vol. 24, No. 1 (Summer 1999), p. 61.



- <sup>44</sup> 'Small States', p. 11.
- <sup>45</sup> Glasser, C., 'Realists as Optimists: Cooperation as Self-help', in *International Security*, Vol. 19, No. 3 (Winter 1994/95), p. 76.
- <sup>46</sup> 'Small States', p. 11.
- <sup>47</sup> Ibid, p. 94.
- <sup>48</sup> Knudsen, pp. 111-122.
- <sup>49</sup> Keohane, 'Liliputians Dilemmas', pp. 295-296.
- <sup>50</sup> Knudsen, p. 111.
- <sup>51</sup> Ibid, p. 115.
- <sup>52</sup> Bauwens, Clesse, Knudsen, p.10.
- <sup>53</sup> Knudsen, p. 112.
- <sup>54</sup> Ibid, p. 118.
- <sup>55</sup> Bauwens, Clesse, Knudsen, p. 13.
- <sup>56</sup> For the detail description of all six variables see *ibid*, pp.10-16.
- <sup>57</sup> Ibid, p. 17.
- <sup>58</sup> Marsh, D., and Stoker, G. (eds.), *Theory and Methods in Political Science* (New York: St. Martin's Press, INC., 1997), pp. 173-188.
- <sup>59</sup> Jackson, N., J., *Russian Foreign Policy and the CIS: Theories, Debates and Actions* (London and New York: Routledge, 2003), p. 21.
- <sup>60</sup> Ibid, p. 19.
- <sup>61</sup> Donaldson, R. H., and Noguee, J. L., *The Foreign Policy of Russia: Changing Systems, Enduring Interests* (Second Edition, Armonk, New York, London: M.E. Sharpe, 2002), p. 5.
- <sup>62</sup> Elman, p. 175.
- <sup>63</sup> *Siloviki* – a neologism derived from the Russian term for power. *Siloviki* represent the military and security services.
- <sup>64</sup> Dorff, R. H., 'Some Basic Concepts and Approaches in the Study of International Politics', in *Course 2 Curriculum: War, National Policy & Strategy*, U.S. Army War College Carlisle Barracks (1996), pp. 3-6.

## CHAPTER 2

# EVOLUTION OF RUSSIA'S POST-SOVIET FOREIGN AND SECURITY POLICY: DOMESTIC AND INTERNATIONAL CONTEXT

### 2.1. Russia's statehood: historical context

I do not know Russia, I know only the Russian empire.<sup>1</sup>

This maxim, attributed to Count Witte, a prominent Russian statesman of the late 19<sup>th</sup>/early 20<sup>th</sup> century, meant to be the epitome of national pride, can also be interpreted as a script for Russia's tragedy. Indeed, Russia as a nation had not really existed outside an imperial format. This makes Russia unique in comparison to other empires. To gain a better understanding of Russia today and the ways in which Russians viewed and thought to change the world, one has to look at the historical context of Russia's statehood. In other words, contemporary Russia has to be measured against traditional Russia, as she has become known to the world in the past 500 years.

It is widely accepted that the capture of Kazan, the capital of Tatar Khanate on the Volga, by Ivan the Terrible in 1552 was the key event in the rise of the Russian state. From the mid-thirteenth to the late fifteenth centuries (about 250 years), the Tatar yoke completely excluded Russia from the mainstream of European civilisation, relegating her to the continental periphery, squeezed between Lithuania and the Horde. A religious and national revival, started in the fifteenth century, followed by the assembly of the Russian lands during the emergence of the Moscow Principality (Muscovite state) as 'an essentially modern phenomenon'<sup>2</sup>, in the words of Russian scholar Sergey Medvedev. It was during this period that the messianic geopolitical idea of Moscow as the 'Third Rome' took shape and the double-headed eagle, the icon borrowed from the Byzantine Empire was introduced. This eagle, with one head looking West and the other East, still remains Russia's coat of arms.

Medvedev argues that what started in Russia some 500 years ago was the process of 'territorial expansion taken *ad infinitum*'.<sup>3</sup> Indeed, for the last five centuries the state had been spreading across the continent, largely uninhibited by adversaries or other obstacles. In this process the statehood came to be manifested first and foremost in territorial dimension, the state's primary functions being expansion, control and defence of the territory. Consequently, throughout the centuries, the territorial imperative became the essence of Russian, and later Soviet, policy.

Russia had been 'an empire *par excellence*', a space in which national statehood had been subordinated to imperial expansion and nationalism to imperialism.<sup>4</sup> The state with her strategic tasks, permanently expanding, 'had precluded the emergence of stable patterns ... where ethnicity could develop into nationality'; in the end the Russian state had prevented the formation of a Russian nation, failing to provide anchors of national identity.<sup>5</sup> Simply put, the Russian state became an empire before the Russian people



became a nation, and as a result, the Russian state has never been a nation state, a 'compact between the government and the people' but the Russian people have always been a state nation, a 'state defined not by itself but by those in power'.<sup>6</sup> Hence, the fundamental problem was a hypertrophied state, which subordinated the nation, economy, individual and public life to all-encompassing goals of national security and territorial expansion. This model set forth by Ivan the Terrible was further used by Peter the Great, Stalin, other Soviet and Russian leaders even today.<sup>7</sup>

As much as it had prevented the development of the Russian nation, the state had also prevented the appearance of a proper economy in Russia. Obligated to defend long borders, to conquer numerous neighbours and to sustain a vast territory, the Russian state had to withdraw a large part of her resources for the control of the space. The territorial imperative gave birth to a specific phenomenon of the 'national-security state', which included the pursuit of total control, territorial expansion and messianic goals in different parts of the world 'from the "Third Rome" to the Third International'.<sup>8</sup> The requirements of conquest and of security became merged in the minds of Russian leaders. Analysts frequently explain Russian expansionism as stemming from the sense of insecurity, but Russian observers tend to justify it as a messianic vocation.<sup>9</sup> Paradoxically enough, the permanent territorial expansion increased Russia's power but not security; the bigger the territory of the state, the more intense pressure from outside, as well as the threat to internal disintegration. Thus Russia confronted the classical permanent (in)security dilemma: attempts to safeguard security of the state through imperial expansion all but increased Russia's insecurity.

The logic of the 'national-security state' culminated in the Soviet Union in the 1980s. To borrow Medvedev's phrase, the USSR was 'the ultimate modern experiment in history': secular, urban, militarised and industrial.<sup>10</sup> The entire country was devoted to its imperial ambition aiming for the world proletarian revolution (in the 1920s and 1930s) and for a strategic parity with the West during the Cold War. However, by the 1970s and 1980s the Soviet state and its foreign policy had proven themselves unsustainable and the USSR began a historical decline. The state's economic growth stalled as a result of militarisation and heavy industry. Most importantly, the planned Soviet economy had proven itself to be completely inadequate to cope with the challenge of the information revolution.

Soviet leaders tried to transform an obsolescent system and adapt USSR to new global rules of engagement in a post-industrial world. Mikhail Gorbachev's *perestroika* (restructuring) was essentially an evolutionary project that attempted to adapt the socialist structure to a changed environment but did not question the regime's fundamentals. More precisely, Gorbachev's reformist project was 'socialism with a human face' with the aim of preserving socialism by a partial introduction of market mechanisms, limited political freedoms and a considerable freedom of speech (*glasnost*). The failure of *perestroika* and the collapse of the USSR in 1991 brought Boris Yeltsin to power. He attempted to transform Russia by means of anti-communist revolution and 'shock therapy'. Although his reform plan ran into problems, its impact has been quite dramatic. Both Gorbachev and Yeltsin's projects initiated the critical assessment of Russia's role in the world affairs and set the stage for Putin.

## 2.2. Yeltsin's leadership: domestic and international aspects

Following the failure of the evolutionary changes of Soviet structures during *perestroika*, for Boris Yeltsin the way forward was their revolutionary abolition. Yeltsin's key mission was to break up the Soviet empire and to destroy the old communist *nomenklatura* and administrative structures. The dismantlement started under Gorbachev with the elimination of the branch ministries of the Soviet economy in 1989 and continued with the collapse of the Soviet imperial structures in Eastern Europe in 1989-1990. It was furthered by Yeltsin's abolition of the USSR, the Communist party and the KGB in 1991, the destruction of the socialist economy in 1992, and outlawing the Soviets in his battle with the Supreme Soviet in 1993. Thus, according to Medvedev, not just economy but 'all of Russian/Soviet modernity' was put to the test of 'shock therapy'.<sup>11</sup>

It was not simply Communism, its ideology and system, that was being targeted, but communists as people. This combination of the ideological and the personal permeated the entire Yeltsin presidency. Such a combination 'engendered an unusually fractious political environment', in which implementation of a demanding and controversial domestic reform agenda was undermined by bitter conflicts between the executive and legislature, in addition to other problems like political corruption or lack of will.<sup>12</sup>

After he came to power, following the failure of the coup attempt in August 1991, Yeltsin's original goal was the creation of the 'presidential vertical' chain of authority – his own semi-authoritarian regime, which was supposed to be based on a market economy and which would work by relying on cadres loyal to him.<sup>13</sup> At the core of the Yeltsin regime was a leader who put himself above the political scene and concentrated all the main levers of power in his hands, while serving as a guarantor of the stability of society. What arose as a result of his rule looked on the surface like a super-presidential republic. The dissolution of the parliament in 1993 gave the president and his team the opportunity to begin implementing his plan for creating an 'elected monarchy'.<sup>14</sup>

The processes unleashed by Gorbachev and continued under Yeltsin, albeit allowing pluralism to appear, did not lead eventually to liberal democracy in Russia, as they failed to consolidate democracy-supporting institutions. In the 1990s, Russia had the basic features of an electoral democracy in that elections took place under a universally recognized set of rules, their results were not entirely certain beforehand and no authority intervened after elections to reverse the outcome of the vote. However, a serious setback in this respect took place in 1996, which were marked by a wide use of 'electoral technologies' by the Yeltsin's team during the presidential elections.

The British Professor Richard Sakwa argues that one of the most important qualities of the Yeltsin regime was its non-systemic nature.<sup>15</sup> Of course, in Yeltsin's Russia there were certain elements of a political system, but a system as an aggregate of independent institutions, acting on the basis of clear rules of the game had not come into being. Russian power relied above all on one aspect of politics: a presidency, under which other institutions were amorphous and insignificant, and the division of functions



among them was weak.<sup>16</sup> This made the regime much more fragile than a liberal democracy.

Hence, under Yeltsin, Russia had pluralism but it was not a democracy. In essence, what arose was a hybrid regime, in which the most contradictory components were combined: 'democracy, authoritarianism, oligarchy, and the elements of autocracy that were traditional in pre-Soviet Russia'.<sup>17</sup> Yeltsin's rule was authoritarian but his authoritarianism created weak and demoralised society. After 1996, when the oligarchs came to Yeltsin's rescue and orchestrated his victory in the presidential elections, they started to regard themselves as Russia's real rulers. During the decade of Yeltsin's regime, the middle class remained small and undeveloped and, together with small and medium-sized business, suffered from the pressure of the oligarchs, officials and organised crime. In short, there was no social basis for democracy. Lilia Shevtsova, a leading political analyst at the Carnegie Endowment for International Peace, says that an essential element of the Yeltsin regime was the lack of ideology, anticommunism being its only ideological aspect. But, in everything else, Yeltsin could move in various directions and combine various ideologies – 'Westernisation, liberal democracy, open authoritarianism, statism and elements of nationalism'.<sup>18</sup>

The first decade of Russia's post-Communist transformation witnessed many difficult and complex processes when Soviet socialism evolved into a specific national capitalism, permeated by economic interests and pressure groups – a process that still continues at varying speeds in varying sectors. By the year 1993-1994, the Yeltsin leadership started to perceive that the West was taking advantage of Russia's weakness and the collapse of the Soviet Union. The amount of help offered by the West was much less than Russians hoped and, as Jeffrey Surovell noted, 'hope for Russia's economic stabilisation and the effective utilisation of Western aid had faded'.<sup>19</sup> That was the catalyst for Russia's move toward nationalistic rhetoric. Paradoxically, this shift bore fruit: Russia soon became a member of the G7 group of industrial nations and started to receive loans from world financial institutions and individual countries.

But it should be stressed that it was not the lack of Western support, but rather inherent Russian inertia, incompetence and the emergence of a corrupt oligarchic regime, which were the main obstacles to the attempted revolution taking place in the inherited Soviet system. These features particularly manifested themselves at the end of Yeltsin's first (1994-1996) and throughout his entire second term (1996-1999).

Yeltsin's presidency was negative in developing the state's economy. His administration attempted to turn a control-economy into an open one in one fell swoop, without apparently understanding what it was doing. Yeltsin borrowed too much money from abroad, at incredibly high interest rates, and his policy of selling off state enterprises was badly managed. Finally, his financial policy led to meltdown in the stock market and devaluation of rouble in 1998. The transition to a market economy was too fast and badly planned. To make matters worse, Russia's entire transition, including privatisation, democratisation and social change, was 'appropriated' by powerful economic elites like the oil and gas industry, the banking and financial elite, the defence sector, the metal industry, and the others, who, together with the state bureaucracy, were setting new rules of the game.<sup>20</sup>

Such a chaotic style of governance led to a dramatic fall in the standard of living for most Russian people, creating huge social differences of a dimension similar to that of Tsarist times. Above all, what happened in Russia during the late Yeltsin period was not just privatisation of the state but also 'privatisation' of society. The oligarchs 'privatised' society's most important institutions – those that can influence and counterbalance government – especially the major media outlets, including two of the three main national broadcasting TV networks, ORT and NTV.<sup>21</sup> Increasing ethnic tensions, rising nationalism and growing crime rate were all symptoms of the illness called 'Yeltsinism'. In 1996, in his message to the Federal Assembly Yeltsin proclaimed as two of his great successes the fact that the country had managed to avoid a civil war and that the country had held together.<sup>22</sup>

Although the 1993 Constitution gave the president enormous power, Yeltsin did not use this power to build a state that would integrate social, institutional and political institutions within the framework based on the rule of law. By the end of his presidency, Russia was an extremely weak federation; decentralised and unsustainable. One can recall Yeltsin's famous offer to regional leaders 'take as much sovereignty as you can swallow', under which decentralisation proceeded, largely in a chaotic way. Political confrontations between the executive and legislative branches weakened the central government, allowing many republics and regions to demand greater autonomy, and in some cases independence.<sup>23</sup>

After the collapse of the Soviet Union, Russia emerged as an independent state in the world politics. Yeltsin was expecting Russia to act as substitute for the Soviet Union on the world stage. That is why for Russia a special status - the successor of the USSR - was created. The new Russian leadership wanted the bipolar world to exist in the future, with Russia being one of the superpowers opened to the West and actively consuming all the achievements of the West. However, the Russia which was established after the collapse of the Soviet Union was in a much worse geo-strategic situation than the USSR: with the break up of the latter, the Russian Federation had only limited access to the Baltic and Black Seas, retained about 60 percent of its territory and a little over 50 percent of its rapidly declining population. In the years immediately following the break up, the Russian Armed Forces had been reduced to less than a third of the former Soviet Army, and Russia's share in the world GDP had fallen from 8 to 1.5 percent.<sup>24</sup>

Russia's enormous economic and political problems reduced her capabilities at international level. For the first time in its recent history, Russia did not have the resources to match her traditional global role. Russia's internal weakness and worsened geopolitical situation was further aggravated by the loss of her allies. The latter, in Russia's perception, was largely due to NATO's surviving beyond the Cold War, which caused imbalance and inequality in Russia's relations with the individual members of NATO, and the United States in particular.

Russia's overall institutional arrangements in dealing with foreign policy were flawed. Having lost her empire, Russia could not find a new role. Since 1996, Russia was balancing on the brink of open confrontation with the West, and her foreign policy was not capable of resolving the tasks set by the ruling elite. The self-destruction of the



Communist ideology had not changed the mentality of the Russian elite, and the ideological vacuum had been filled by concepts typical of the past. Of all foreign policy-related issues, developments in the 'near abroad' commanded the most attention.

The Soviet collapse has had the effect of generating debate on Russia's national identity, which is yet to be resolved. Imperial Russian national identity and non-ethnic Soviet identity (the Soviet people) was the product of territorial expansion, which partly explains why it has been so difficult for Russians to agree on a post-Soviet identity. Russia is in the process of finding new identity as a natural big regional power. What is really intriguing is the fact that the basic parameters of these debates are just the same now as they used to be centuries ago.

### 2.3. National Security Concept and Military Doctrine

The strategic documents of Russia's post-Soviet foreign and security policy should be interpreted not as a meaningful guide for action or a conceptual framework, but rather as an indicator of political fashion and a mechanism designed to 'reconcile ... sharp contradictions between competing sectional interests'.<sup>25</sup> Although such documents were sometimes useful indicators of policy trends and shifts, their importance was above all presentational. Thus, in examining Russia's foreign and security policy one needs to be careful in interpreting declared policy as necessary reflecting real intentions and commitments. It is one thing for the government to articulate a concrete issue as a top priority, but quite another to translate such rhetoric into practice.

Despite their limitations as policy documents, the National Security Concept and the Military Doctrine are undoubtedly useful in patching over the serious contradiction between the liberal agenda, the imperial syndrome and the great power ideology. But it is naive to assume that the 'consensus' of an official policy document '*actually* reflects a confluence of often very different views' within the government.<sup>26</sup> What these documents did reveal were the trends in government thinking in domestic and international context.

It should be noted that due to the chaotic nature of Russia's post-Soviet development, she lacked an official national security policy until 1997. Prior to 1997, Russia's only official security policy document was her 1993 Military Doctrine. The period of economic and political development from 1993 to 1997 marked a struggle for competing demands on the Russian political scene. On one hand, President Yeltsin and his followers from the liberal elite sought cooperation and the integration of Russia into the international community. The opposition, on the contrary, favoured a more traditional, hard-line security policy. The National Security Concept of 1997 struck a compromise between these two opposing political camps. The 1997 Concept did articulate NATO enlargement as a key problem for Russia, but it also maintained that 'partnership' with the West was the key instrument in ensuring Russian national security objectives.

Whereas the 1997 National Security Concept and the 1993 Military Doctrine devoted a great deal of attention to the internal threats, arising primarily from the difficulties of

Russia's post-communist transition and unsuccessful economic reforms, their new versions of 2000 (the National Security Concept and the Military Doctrine<sup>27</sup>) affirmed that the dominant security threats to Russian security were of an external nature. These included the efforts of individual states and international organisations to diminish the role of existing international security mechanisms, above all the OSCE and the UN; the strengthening of military-political blocs and alliances, particularly NATO's expansion to the East; initiation and escalation of conflicts on the borders of Russia, and the CIS territorial claims against Russia. In many ways, the 2000 Military Doctrine was a more 'Soviet' document than ever, downplaying the threat from low-intensity conflicts and putting increased emphasis on the need to maintain advanced and sizeable strategic nuclear forces, which were viewed as an effective deterrent factor.

Both documents reflect the key turning point in Russian security policy by late 1999, when the strategic setting changed dramatically. The combination of the Kosovo conflict and the second Chechen war amounted to a political imperative that could not be disregarded. Added domestic political and socio-economic concerns, particularly aggravated after the 1998 financial crash, gave a basis to more traditional threat perceptions such as the West's (more precisely, the U.S.) 'alleged attempts to impose its diktat on the world'.<sup>28</sup> Russia's conservatives judged NATO's intervention in Kosovo as the final evidence that Yeltsin's security strategy of cooperation and integration with the West had absolutely failed. The significant departures of the 2000 version of the Concept and the Doctrine from the previous ones made it clear that Russia perceived the prospect of unilateral action of NATO as a threat to her sovereignty. From Russia's perspective, this type of behaviour undermined the very norms upon which the modern (Westphalian) system of international relations was based. The fact that NATO's intervention in Kosovo challenged the supposedly absolute and incontestable rights of a sovereign state was extremely frightening to Russia.

That said, both documents could be viewed as a political response to this alarming trend and to the 1999 NATO Strategic Concept. This explains why the 2000 versions of the Concept and the Doctrine contain far more anti-Western provisions than the previous ones.<sup>29</sup> It was not so much that the Yeltsin administration believed, as a result of the Kosovo crisis, in a 'threat of direct military aggression against Russia'<sup>30</sup>, but that there was overwhelming political compulsion to demonstrate the depth of Russian opposition to NATO's actions. Russia developed these documents on the assumption that only a multi-polar world, a world not dominated by the United States or NATO, is able to secure international stability, security and progress. Interestingly, both documents focus almost solely on how to re-establish Russia as an equal player in a multi-polar world, instead of how to cope with the reality of a predominantly uni-polar world. In this respect, it is important to note the 2000 Concept's provision, revealing Russia's intention to have, under certain circumstances, military contingents in strategically important world regions.<sup>31</sup> In other words, Russia declared her plan to project power beyond the limits of her territory in the future.<sup>32</sup>

It is equally understandable why the threat of international terrorism appeared at the top of the agenda; its inclusion in this way served to 'legitimise' the Putin administration's conduct of the Chechen war at home and abroad. On the other hand, it was typical that the documents should demonstrate to the West that Russia was still capable of



responding effectively to perceived external threats.<sup>33</sup> The supposed lowering of the nuclear threshold was a notable case in point. It is also of note that the Russian denouncement of the nuclear no-first-use policy, which was first made in the 1993 Military Doctrine, was reaffirmed in the 2000 version.<sup>34</sup> This only implies Russia's very realistic perception of her inability to defend herself from a conventional large-scale Western (NATO) attack, which has led Russia to expand the scenarios in which she could possibly use nuclear weapons.

When analysing these documents from a Baltic perspective, it is notable that the list of basic external threats in the 2000 Military Doctrine includes 'disturbance of the existing balance of forces near the borders of the Russian Federation'.<sup>35</sup> As it warned against NATO expansion in general, this might have been interpreted as a specific warning against the Baltic membership of NATO in particular. Besides this, the Doctrine (to lesser extent, the Concept) provides for more assertive and interventionist role of the Russian military, especially in the sphere of protecting rights of their citizens.<sup>36</sup> This point was of great concern for the Baltic States, which are home to a significant number of Russian nationals. It implied that in 2000 Russia did not rule out the use of the military instrument to secure the rights of Russian minorities in the Baltic States, particularly in Estonia and Latvia.

To sum up, it is noteworthy that the contents of the 2000 versions of the National Security Concept and the Military Doctrine are absolutely compatible, as they both contain similar assessments and conclusions about the threats that Russia faces today. First, both documents can be viewed as a political attempt to re-establish Russia as a major actor in both European and global security, and both of them have a decisively anti-Western, particularly anti-NATO, nature. Secondly, both documents revealed that Russia, being increasingly aware of her inferiority in comparison to NATO, was prepared to compensate for that by expanding a number of scenarios in which nuclear weapons could be used. Thirdly, the increased awareness of external threats, predominantly from NATO, stemmed from Russia's inability to prevent NATO's intervention in Kosovo without a UN mandate. Finally, in both documents Russia articulated that she perceived her foreign policy interests as extending to citizens of Russia living abroad. This had implications for the Baltic States in general.

## **2.4. Distinct features of Russian foreign policy**

'Russia has traditionally been a geographical concept. Its external borders have defined its cultural and international identity.'<sup>37</sup>

Russia's geographic position between Europe and Asia has shaped her geopolitical evolution and foreign policy and even her domestic development.<sup>38</sup> According to Mark Webber, lecturer in politics at Loughborough University, the Asian dimension and the balance of Russia's interests between Europe and other regions around her periphery have always been of great importance. This position has been rationalised in Russia through the concepts of *Eurasianism* and multi-polarity.<sup>39</sup> The former identifies Russia's unique position as a bridge between Europe and Asia. The latter points to the need for a multidirectional foreign policy, which is focussed on multiple centres of power such as Europe, China and India.<sup>40</sup>

Russia has never really been an integrated part of Europe, neither politically, nor economically. Nor has Russia been integrated with Asia, in spite of the fact that the Russian expansion took place mostly to the East, making up more than 80 percent of Russian territory.<sup>41</sup> By and large, Russia's search for her new role in Europe and in the world is controversial; it is lost between the matters of national identity and interpretations of history, great aspirations and frustrations.<sup>42</sup> Medvedev argues that the genes of the Russian statehood are European, but operating in the wider European space, the Russian state had 'carried the European ideas of territoriality and sovereignty to an extent unimaginable in Europe proper'.<sup>43</sup> But despite Russia's confusion in search of identity, the West retained its dominant position in Moscow's world-view. The key Western country has been the United States, representing the greatest external influence on all aspects of Russian foreign policy making.

According to Bobo Lo, Head of the Russia and Eurasia Programme at Chatham House, the 'single most important feature' of the Yeltsin Russia's foreign policy was her 'sectionalised character'.<sup>44</sup> The political elite was deeply divided over underlying concepts and values, policy priorities and the means to implement them. There was no consensus because the conditions for it were almost entirely lacking. Fundamental disagreements over Russia's identity and her place in the world, contrasting perceptions of the post-Cold War order and Yeltsin's divide-and-rule tactics conspired against the development of consensual approach to external relations. In addition, the regime faced great difficulties in conducting any kind of credible foreign policy in conditions of political uncertainty and deep socio-economic crisis. The product of this fluid interaction was a reactive and *ad hoc* foreign policy, lacking a clear direction and transparency in its formation. Decision-making was driven by 'lowest common denominator principles', based on the avoidance of risk.<sup>45</sup>

Other important aspects of Russian foreign policy were ideologisation and domination of geopolitics. Although awareness of economic imperatives increased, geopolitical mindset remained dominant. Notions of 'zero-sum', 'balance of power', 'spheres of interests' and the like continued to influence thinking of the elite. Traditional geopolitical imperatives dominated Russia's security concerns and policy directions. It could be said that post-Soviet Russia has been pursuing a dualist foreign policy, one with the countries of 'near-abroad', the other with the rest of the world. This is particularly evident in Moscow's approach to the principles of sovereignty and non-interference in international relations. In the wider international environment, Russia is one of the most vocal defenders of the principle of non-interference in a state's internal affairs. Such attitude was reflected in her soft position on human rights abuses in other countries (Kosovo, Iraq), strong refutation of Western criticism of such abuses within the Russian Federation (particularly in Chechnya), and, above all, her rejection of the principle of 'humanitarian intervention' during and after the Kosovo crisis. At the same time, in reserving the right to intervene militarily and maintain 'quasi-permanent' bases on the territory of the states of the former Soviet Union (FSU), Moscow applied very different standards to notions of sovereignty and non-interference. Such FSU/non-FSU dichotomy has but acquired a new vigour under Putin (see 4.6: Retaining control in the post-Soviet space).



The development of Russian foreign policy under Yeltsin (1990-1999) could be split into several distinct periods. *The Atlanticists* or Westernisers (liberal-internationalist trend), led by Andrey Kozyrev, first Foreign Minister of post-Soviet Russia, dominated the debate during the first years (1990-1993) of Yeltsin's administration.<sup>46</sup> They argued that foreign policy should seek to create the most favourable international environment to promote their success and wanted that Russia should build better relations with the West and subscribe to regional and global integrationist trends.<sup>47</sup> However, since 1992-1993, Kozyrev's policy came increasingly under attack from the opposition as not bringing any significant gains to Moscow: Russia was still being excluded from security matters in Europe.<sup>48</sup> The Atlanticist period was premised on an assumption that Russia would be treated as an equal of the Western states and she would, therefore, play an influential role in the post-Cold War reconfiguration of Euro-Atlantic institutions, and linked security, economic and political relations.<sup>49</sup>

This explains why the further Kozyrev term (1993-1996), albeit still maintaining Western orientation, was marked with disharmony among Russian foreign policy makers.<sup>50</sup> Russian diplomacy in 1992-1995 advanced its twin interests in dominating the Commonwealth of Independent States ((CIS) or FSU states) and good relations with the G-7.<sup>51</sup> Without conceptual clarity, Russian foreign policy was aimed mainly at protecting economic and social transformation and secure Western support for it. Unwillingness to open Western central institutions for Russia (no Marshall plan, no NATO membership, no EU association) sparked criticism and accusations of neglecting Russian national interests. An attractive alternative to Kozyrev's line was that of *Eurasianism*, which called for a more balanced foreign policy and recognised Russia's Asian, as well as its European, roots.

The years 1996-1999 witnessed the appointment of Yevgeny Primakov (in 1996) and his successor Igor Ivanov (in 1998). This period was distinctive for its two-tier approach: Russia was becoming cooler towards the West, meanwhile turning to the East to explore 'Eurasian possibilities'. Primakov, a former Soviet diplomat and intelligence official, was suspicious of the West and touted a multi-polar world and a Russian-Indian-Chinese alliance as an alternative to slavish cooperation with the West. He was the last official to pursue Soviet-style grandeur. What Primakov brought was a greater clarity to Russian foreign policy in comparison to his predecessor.<sup>52</sup> He also brought a different tone, more pragmatic, 'state-centric' discourse, one that focused explicitly on Russia's state interests (as distinct from those flowing from nominal liberal democratic aspirations).<sup>53</sup> More accurately, Primakov's policy has been characterised as 'statist' or 'multi-polar' in outlook.<sup>54</sup> It was a policy that gave priority to the CIS states, extensive relations with major regional powers (India, China, Iran) and simultaneously sought to maintain relations with the West.<sup>55</sup> But it was widely accepted that with Primakov the Western orientation of Russian foreign policy disappeared.

The relatively balanced foreign policy, which was conducted under Kozyrev and Primakov, had deep institutional roots within the Russian political and administrative order. Under both foreign policy administrations, Russian diplomacy, notwithstanding the collapse of basic indicators of national power, avoided the twin traps of complete defiance and hopeless dependency: a state nevertheless managed to assert its interests (its primacy within the CIS, defiance of U.S. policy in Iraq and Iran) without

undermining its multiple ties with the immensely more powerful Western world.<sup>56</sup> Primakov played a subtle game pretending to show himself as a Russian nationalist, whilst in reality remaining rather more pragmatic in his dealings with the West.<sup>57</sup> Igor Ivanov sought a more even-handed approach, taking something between an Eurasianist and a Euro-Atlanticist view, favouring closer ties with the United States and Europe, but emphasizing the importance of relations with Asia, the Middle East and Latin America.

All in all, Russian foreign policy under Yeltsin, especially in 1993-1999, was driven by internal ('unit-level') rather than external ('system-level') influences: it had more to do with the specific interests of the political and economic elites which dominated Russian politics during the Yeltsin era than it has with the constraints imposed by Russia's external environment. While the debate over identity and interests proceeded among the intelligentsia, Russia had neither the resources nor the ability to pursue a coherent foreign policy.

#### *2.4.1. The Primakov Doctrine*

The Russian perception of the international situation in traditional geopolitical and geo-strategic terms contrasted to the much broader Western concept of co-operative security. Russia realised that the West would never allow a new security system in Europe to be based on Moscow's preferred OSCE. Instead, a NATO-centred security system was emerging, a system from which Russia obviously would be excluded. The reassessment of Russia's foreign policy was distinctly expressed in what has been called the 'Primakov Doctrine', which can be described as generally anti-Western and pragmatic.<sup>58</sup> It was presented as an alternative both to the previous bi-polarity or the emerging uni-polarity. As a strategic approach active multi-polarity had two components: firstly, the building of active network of relations, which Russia needs in order to be able to fulfil its proper role as a great power in world affairs; secondly, - standing up to American domination and NATO's monopoly over security provision in Europe. It was difficult for Russia to accept the concept of co-operative security when she tended to consider international politics as a zero-sum game.

However, Russia lacked adequate resources for the implementation of this ambitious policy. The domestic basis for Russia's revival as a regional power – political stability, economic growth and military coherence – remained underdeveloped. Her dependence on Western support for economic reform was indisputable. All important political and strategic factors of international environment were developing in a direction that was highly unfavourable for Russia. First of all, the extension of NATO by adding three former members of the Warsaw Pact profoundly changed the military balance to Russia's disadvantage.<sup>59</sup> Furthermore, efforts to enhance integration with the CIS had largely failed. Primakov was striving for partnership and strategic alliances with China and India, but had only a limited success, especially in relation to China, which was reluctant to become a close ally of a weak Russia.<sup>60</sup> In addition, the first Chechen war in 1994-1996 demonstrated Moscow's weakness in maintaining the cohesion of the Federation, which strengthened the perception of Russia's highly vulnerable position. There was a suspicion among the Russian political class that the West preferred Russia's disintegration. Above all, it was widely perceived that the West had apparently lost its interest in Russia, disappointed with her domestic development.



In this light, Russian foreign policy can be interpreted as a policy of weakness, preoccupied with the management of decline and the promotion of external conditions favourable to internal recovery. According to a Russian political analyst, Alexei Pushkov, the West three times 'tested' Primakov's policy of multi-polarity. In the 'bargaining' with the Alliance on the decision on NATO enlargement in 1997 and during the Kosovo crisis in the first half of 1999 Primakov failed, receiving only symbolic compensations which led to Russia's isolation. Only in 1997-1998 during the Iraq crisis Primakov's tough policy achieved some benefit, when the U.S. and UK were forced to postpone air raids.<sup>61</sup>

A concept of multi-polarity, as Dmitri Trenin, Deputy Director of the Moscow-based Carnegie Endowment for International Peace, put it, 'attaches undue prominence to traditional geopolitics'. Indeed, it assumes a capacity that is simply lacking in today's Russia: the country's principal economic measurements are too modest for such an ambitious project. Traditional territorial thinking, Trenin argues, is unlikely to yield positive results. It is possible to 'elevate geopolitics to a new mantra', but it is impossible to restore imperialism.<sup>62</sup>

During the Yeltsin era both the residual superpower syndrome ('active multi-polarity') and cooperation with the West ('pragmatic engagement') played a part. Russia found herself in the unfavourable position of having lost all her old allies in Europe and being unable to attract any new ones (except Belarus). This 'no allies' situation drew Russia away from Europe, both geopolitically and ideologically.<sup>63</sup>

#### *2.4.2. Problems and policy instruments towards 'near abroad'*

The term 'near abroad' - Moscow's euphemism to describe its view of other states of the FSU - was used for the first time by Kozyrev in his official statement in 1992.<sup>64</sup> Since then, a consensus over the 'near abroad' began to emerge as one of Russia's preferences in the foreign policy area. Russia's complicated policy towards the FSU states arises from the fact that the Yeltsin administration itself did not have a clear idea what it expected to see after the collapse of the Soviet Union. Moscow had no experience in conducting interstate relations with the former Soviet republics. From the outset, there were several puzzles to be solved. The first was to determine whether the CIS as an organisation should be a Commonwealth of Independent States in real sense of this meaning, in which Russia would simply be a first among equals, or the instrument by which Moscow would assert its influence over the former Soviet space. Alex Pravda, Director of the Russian and East European Centre and Fellow of St Antony's College of Oxford University, argues that since the disintegration of the Soviet Union Moscow's attitude towards the CIS initially was rather benign. It concentrated on agreeing the distribution of responsibilities and resources inherited from the USSR and establishing damage-limitation mechanisms. However, after the end of the Atlanticist phase, there was emerging a more common view in favour of retaining former Soviet republics in Russia's sphere of influence. Russian political elites were increasingly referring to the 'near abroad' as a 'natural sphere of Russian interests and influence' or 'national security zone', in which Russia bore 'special responsibilities'.<sup>65</sup>

According to Dov Lynch, Research Fellow of the EU Institute for Security Studies, Russia 'shifted from disengagement and withdrawal after the Soviet collapse, to assertive, sometimes coercive, re-engagement'.<sup>66</sup> By the end of 1993, Moscow adopted policies aimed at restoring its influence in the 'near abroad'. Labelled as 'neo-imperial' (aimed at restoring the empire under different guise), this posture escalated into security concern of the states, targeted by such grand designs. For the Baltic States, which regained independence after the break-up of the USSR, the direction and nature of Russian foreign policy became a matter of high importance in their effort to secure and consolidate sovereignty. At the core of this anxiety were the methods that Russia seemed to have relied heavily upon.

At the conceptual level, to justify Russia's legitimate role in the post-Soviet space, a parallel was drawn with the Monroe Doctrine of the United States. The importance of the 'near-abroad' in Russia's foreign policy was further revealed in official documents and in the so-called 'Kozyrev Doctrine' – Russian version of the Monroe Doctrine. It stated that 'countries of the CIS and the Baltics ... [constitute] a region where the vital interests of Russia are concentrated... We should not withdraw from those regions which have been the sphere of Russia's interests for centuries'.<sup>67</sup>

The second puzzle was related to the costs and benefits of Russian involvement. As Yeltsin put it, 'Russia is for the strengthening of the Commonwealth ... [but] integration must not be detrimental to Russia itself or involve the overstraining of our forces and resources, both material and financial'.<sup>68</sup> In Primakov's view, the costs while real were all the same necessary to protect Russia's political, security and economic interests in a longer-term perspective.<sup>69</sup>

The third puzzle was a dilemma concerning the means by which Russia should pursue CIS-related objectives. Notwithstanding the apparent broad consensus behind the necessity for Russia's active policy in the post-Soviet area, it remained uncertain throughout the 1990s, whether she should work to develop multilateral mechanisms and institutions focussed on the CIS or act through bilateral channels, well-established between the former Soviet republics. Both things were important: the credibility of the CIS as organisation and maintaining close ties with its separate members. This issue was very much related to the problem of differentiation, i.e. should Russia treat the whole FSU space as equally important or should she deal with CIS-related issues on a largely case-by-case or region-by-region basis.<sup>70</sup> In reiterating that the post-Soviet space is a 'zone of Russia's vital interests', Alexei Arbatov, then the Deputy Head of the Duma Defence Committee, admitted that this was 'by no means true in equal measure, or true everywhere in the long-term'.<sup>71</sup> By and large, the issue was never satisfactorily resolved.

Russia's foreign and security policy has a specific focus upon certain regions: the Baltic region, the Black Sea area and South Caucasus. Russia's sensitivity towards these regions is and will remain of a special character for several reasons. First, all three zones are viewed through a prism of traditional strategic considerations. Their importance to Russia's defence posture is believed to be significant, and outside influences in those areas could seriously increase Russia's vulnerabilities. Second, there are important historical factors. Since the time of Ivan the Terrible, Russia's territorial



gains have mainly be directed towards the Baltic Sea, the Black Sea and the Trans-Caucasus. Loss of control over what had been consolidated through several centuries was a strong psychological shock (map 1 shows to which extent the former USSR shrank). Third, Russia's strong involvement was considered essential with respect to some big issues on the agendas of these regions. In the Baltic region, Russia was concerned with the status of Russian minorities in Estonia and Latvia; in the Black Sea region, - with the overall organisation of relations with Ukraine; and in South Caucasus, - with the prospects of the Caspian oil project. Each of the three areas also matters in terms of Russia's broader stakes in the international arena.



Map 1. The former Soviet space: the CIS countries and the Baltic States<sup>72</sup>

Active steps followed to establish building blocks of integration. This was one of the major priorities of post-Soviet foreign policy as early as 1993 and it was set out in the National Security Concept of that year. The Concept specified integration in all spheres of Russia's vital activities: economic union and common market, a collective security treaty for mutual defence, joint peacekeeping and conflict resolution, a common external border, and the coordination of foreign policy positions.<sup>73</sup> Primakov, however, perceived it in primarily security terms, more generally, 'creating a stable situation along the perimeter of [Russia's] borders and ... preventing conflicts from having a provocative influence on certain regions of the Russian Federation'.<sup>74</sup> In this respect, the creation of 'common economic space' was more a security than an economic objective, the way to lessen the tension in interstate relations.



Economic priorities, considerations and means represent an integral and important part of Russia's policy towards the 'near-abroad'. Business and the activities of the energy complex became a key factor in determining Russia's geo-economic concerns and objectives. As the energy sector accounts for a considerable proportion of Russia's industrial production output and gross domestic product, the Russian government has always been supportive of the economic concerns of the energy sector. The Yeltsin leadership exploited the gas and oil leverage to advance political goals in the FSU countries.

In handling its economic relations in the CIS Moscow had to deal with two-fold concerns: to retain and build ties to expand political influence, security and long-term regional economic integrity and yet to do so without damaging Russia's national economic interests.<sup>75</sup> The problems of satisfying both sets of concerns were compounded by the economic environment. The break-up of the USSR adversely affected the economies of all the CIS countries and prompted rapid diversification of trade from that area. The first half of the 1990s saw sharp declines in trade among the CIS. The majority of them started to establish their ties with the West – the EU and NATO, and, as Mark Smith noted, they have been 'unable to restore even the levels of trade that existed ... when they were union-republics in the USSR'.<sup>76</sup> By 1999 only Belarus, Tajikistan and Moldova were still heavily dependent on Russia for their exports; Ukraine, Azerbaijan and Uzbekistan were the most successful in reorienting their goods to world market.<sup>77</sup> This diversification was driven not only by economic rationale but also by a political imperative to reduce dependency on Russia.

It is in the security area that Russia's hegemonic tendencies and neo-imperialist instincts have emerged more clearly and were pursued most forcefully. They were largely centred on a 'strategy on extended border defence', which is based on the idea that the best way to protect the Russian Federation is to ensure the security of the former Soviet frontiers.<sup>78</sup> Moscow's reasoning was straightforward. The collapse of the USSR left Russia with large sections of undefended frontier, and the newly emerged independent states, particularly in the Caucasus and Central Asia, were unable to secure the old Soviet borders and manage local conflicts. The resulting instability could not only undermine border security but also spread to adjacent regions and ethnic republics of the Russian Federation. But what Moscow viewed as legitimate security concerns, many of the new states perceived as pretext for Russian neo-imperialism. Such anxieties were reinforced by Russia's objective to keep the 'near-abroad' as Russia's security preserve and sphere of influence in keeping with her great power status.

In the beginning of 1990s, Russia used her armed forces to pursue her strategy of 'outer border defence', in particular taking the opportunities offered by the armed conflicts, which erupted in some of the FSU states. Russia intervened militarily in the conflict between Moldova and secessionist Transdnistria region in 1992, as well as in the conflicts between Georgia and her breakaway autonomous republics of Abkhazia and South Ossetia in the same year. High pressure tactics in Georgia have proved fruitful for Russia. With troops already on the ground, Russia managed to turn the conflict between Georgia and Abkhazia to her own advantage. Moscow did so through a peculiar form of 'peacekeeping', in which it acted as a 'player', rather than a 'referee', exercising



pressure on both sides to maximise leverage.<sup>79</sup> As a result, Georgia became a part of Moscow's sphere of influence, with her borders patrolled by Russian troops. Russia also responded militarily to the threat of collapse of a pro-Moscow Communist regime in Tajikistan in 1992. In all four cases, having intervened, Russia re-invented herself as a 'peacekeeper'. Her 'peacekeeping' forces continue to operate in the aforementioned regions, and military bases still remain in Moldova and Georgia.

The interventions of 1992 had an enduring impact catalysing shifts in conceptual thinking and pushing foreign policy into reactive and subordinate position *vis-à-vis* the military engagements. Throughout the mid-1990s, military activism declined with the appointment of Yevgeny Primakov, and then experienced a certain upsurge (especially internally) with the ascendancy to power of Vladimir Putin. Primakov managed to break the hold of the military and the use of force in diplomacy, although this policy line was challenged during the Kosovo crisis in 1999. Subsequently, it might be argued that Putin upgraded this role into genuinely instrumental to match a more assertive style in foreign policy he sought to cultivate.

When the Soviet Union disintegrated, leaving some 25 million ethnic Russians beyond the borders of the Russian Federation within the former Soviet Union, many anticipated that Moscow would play the ethnic card to bring pressure to bear on the Baltic States, Ukraine and Kazakhstan, all of which have large Russian minorities. The 'protection of compatriots' (*sootchestvenniki* - this term was used for Russian-speaking population) developed into one of the major, if not central, elements of Russia's 'near abroad' policy. However, such a policy largely proved to be assertive rhetoric, rather than practical assistance for the allegedly discriminated Russian-speaking population. The 'compatriots' card was occasionally utilised to distract public attention from domestic problems, obtain economic or political concessions or pressure internationally the governments of the respective countries.

In reality, Moscow's handling of *diaspora* issues reflected the disjunction between the declared policy and lack of political will. Part of the difficulty was the tendency in the Yeltsin administration to view Russian *diaspora* through an 'instrumentalist prism'.<sup>80</sup> The administration frequently exploited concerns about discrimination against Russian-speaking population to apply pressure on FSU governments, including the Baltics. During the 1990s, Moscow continued to protest occasionally about the violation of minority rights but abstained from taking any action that might risk seriously disrupting ties and causing problems in relations with the West. In fact, Russia has wisely left it to the Western governments and the OSCE to press Tallinn and Riga on minority issues. Within the CIS, local military support for Russian separatists in the Transdnistria region of Moldova in 1992 proved to be an exception.<sup>81</sup> With regard to other CIS countries, Moscow showed a greater restraint, doing very little to support the large number of its compatriots in Kazakhstan and Ukraine. Policy was all words and minimal action. It was also very much the case of the leadership allowing elite preferences to influence the mood and not the specifics of foreign policy making.<sup>82</sup> The way the Kremlin dropped the question of Crimean local autonomy in order to facilitate conclusion of the 1997 bilateral treaty with Ukraine was further indication of how *diaspora* issues were placed in the greater context of things.<sup>83</sup> All in all, the 'protection' of Russian-speaking population was manifested mostly in rhetoric.



In practice the CIS integration had not advanced. From the outset, it faced difficulties, the most obvious of which was irreconcilable views between Russia and the CIS countries. Moscow was not getting away from the reality that all the CIS members had been politically and economically dependent on Russia for at least 150 years, and especially so during Soviet times. But equally many of these states, once they became independent, were opposed to Moscow's efforts to reassert its dominance over them. Another difficulty stemmed from the inability to implement intra-CIS agreements and commitments. A series of summits, councils and committees, established within the CIS, turned out to be useless as they did not achieve any of the principal objectives, e.g. Common Economic Space, Customs Union, Collective Security Treaty. Despite the vast majority of bilateral and multilateral intra-CIS agreements, only a few of them were implemented.<sup>84</sup> Worse still, this was accompanied by deterioration in Russia's relations with many FSU states, as well as by weakening of her political and economic positions in the CIS area. Above all, rather than operating as a vehicle for influence, the CIS has proved difficult to manage, even becoming a forum for criticism of Moscow. This unwelcome development was highlighted by the growth of interregional grouping GUUAM (Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova)<sup>85</sup>. The appearance of GUUAM (see map 2) was significant, not so much as an effective cooperative body, but for its symbolic value. It was a clear signal that some CIS member-states wished to 'move out of Moscow's direct orbit'<sup>86</sup>, not to mention GUUAM's increasing links with NATO. Such a development pointed up the failings of the CIS and was an obvious tendency towards its disintegration. This attracted growing official criticism, with even Yeltsin acknowledging in his final State of the Nation address that the Commonwealth had 'so far failed, both economically and politically, to develop into a reliable mechanism for ensuring conditions conducive to mutually beneficial cooperation'.<sup>87</sup>

### GUUAM



Map 2. GUUAM interregional grouping<sup>88</sup>



To sum up, throughout the 1990s, the major issues of Russia's 'near-abroad' policy were predominantly pertaining to the political, economic and security domain, as well as the humanitarian concerns regarding the problems of Russian *diaspora*. In each of these policy areas, Moscow had several policy instruments at its disposal for potential exploitation with the aim of increasing Russia's influence in the region. The security concerns and presence of the Russian military, a considerable number of Russian compatriots in the former Soviet republics, and importance of access to the transit routes for Russia, as well as dependence of FSU countries on Russia's energy supplies, generated both enduring interests and substantial leverage for Russia to pursue a proactive policy in the post-Soviet area.<sup>89</sup>

Under Yeltsin, the development of the CIS appeared to be a failure with sharply conflicting interests between Russia and the other post-Soviet countries. In addition to conflicting interests, there was a 'clash between the imperial syndrome and the liberal foreign policy agenda', i.e. the usual dichotomy between the urge to reassert Moscow's control over the FSU as the sphere of vital interests and an equally strong worry to limit the costs of such a project.<sup>90</sup> Above all, the real problem was that the Kremlin was never able to decide what it wanted from the CIS integration more generally. This explains the Yeltsin administration's reactive approach to CIS-related problems and a reluctance to bring adequate political, human and financial resources.

#### *2.4.3. Russia's perceptions of the changing Euro-Atlantic region*

Throughout the 1990s, Moscow was pursuing a two-track strategy in response to what it perceived as a gap between new developments in the Euro-Atlantic area and Russia's security interests. One track consisted of searching for cooperative measures aimed at promoting Russia's integration into a new Euro-Atlantic security architecture and neutralising any consequences of developments in this area that might destabilise or damage Russia's interests. The other track included tough positions towards various political and defence issues.

Following the collapse of the USSR, 'no single definition (friends, partners, rivals, competitors) could fully reflect the complexity of Russian-NATO relations'.<sup>91</sup> Part of the problem is that the Russian military-political leadership felt deep psychological discomfort in its relationship with NATO. Although Moscow officially declared that there was no winner in the Cold War, Russian officials, perhaps even more so than those at NATO, regarded the North Atlantic Alliance as the victor. Russia never quite believed the West's assurances that NATO, created as a counterweight to the Soviet Union and its expanding empire, ceased to be a foe for Russia. As a result, for most of the 1990s, NATO relations with Russia oscillated between resentful cooperation and outright hostility, when suspicion, uncertainty and negativity were their prevailing features.

A significant rationale for Moscow's opposition to NATO enlargement was that Russia did not have direct access to this structure playing the central security role in Europe. Therefore, some kind of special relationship with NATO, such as the one institutionalised by the May 1997 Founding Act, was considered a more attractive strategy than promoting the re-emerging confrontational model. Moscow seemed to be



open to further rapprochement with NATO but considered it conditional upon a number of factors. First, Russia preferred substantive rather than symbolic cooperation with NATO. Second, Russia wanted the issue of the second round of enlargement to be removed from the agenda or at least delayed and played down. Third, Moscow was against NATO's central role in the European security environment. Finally, NATO must evolve towards a political rather than a military structure.<sup>92</sup>

By and large, the underlying tension in NATO/U.S.-Russian relations was American hegemony in the world, or uni-polarity in power politics. Russia was upset with her marginalized status, which was openly demonstrated by NATO during the Kosovo campaign. Moreover, put into one package, the Kosovo crisis, perspectives for further NATO's expansion and the Alliance's new Strategic Concept (1999) caused an outcry in Russia.

Many of the Russian elites viewed NATO's eastward enlargement as a direct threat to Russian security. However, according to Trenin, the effect of NATO enlargement on the elites cannot be explained merely in terms of threat perceptions. Nor is the notion of Russia becoming isolated as a result of NATO's admitting new member states in Central and Eastern Europe able to explain the vehemence of Moscow's reaction.<sup>93</sup> Russia's concerns were not solely caused by eastward expansion of the Alliance; they were also the result of NATO's evolving 'out of area operations' to respond to regional crises at the periphery of the Alliance. Once NATO had enlarged, the periphery of the Alliance became also the periphery of Russia, an area that the Russian government considered to be 'within its legitimate sphere of influence'.<sup>94</sup> Thus the main problem the Russian elites had with NATO came from traditional geopolitics.

Why did Russia find NATO enlargement eastwards, and especially to the Baltics, so contentious? Suffice it to remember that the Baltic region in the two World Wars of the 20<sup>th</sup> century has been one of the main axes of military invasions of the Russian Empire/Soviet Union. Thus, historically a fundamental objective of Russia's national strategy has been to ensure that a buffer of weak nations, held firmly within the Russian sphere of influence, protected her frontiers. Even with the end of the Cold War and the troop withdrawal from Eastern Europe it was doubtful that Russia expected to lose this buffer.<sup>95</sup> However, Russia's plans to replace the Warsaw Pact with a shield of neutral and non-aligned nations, held under its influence, failed when these nations began to look at the West for protection. Instead of having the Baltics, serving as a buffer zone between Russia and the West, NATO's expansion into that region threatened to place a military united Europe at the Russian border, simultaneously eliminating 'a highly sensitive psychological barrier'- literal and metaphorical 'window to the West'.<sup>96</sup> Last but not least, while Estonia's membership 'would bring NATO to the doorstep of St. Petersburg', Lithuania's membership 'would turn Kaliningrad into a later-day version of West Berlin'.<sup>97</sup> These prospects for Russia were the worst security nightmare.

Russia's uneasy acceptance of the first round of NATO enlargement was based in part on the assumption that Russia, being a permanent member of the UN Security Council, held a veto over NATO's missions beyond collective self-defence of her members. From Moscow's perspective, the assertive stance by NATO in Yugoslavia, particularly the use of force outside the area of application of the Washington Treaty without a



mandate of the UN Security Council, denied Russia's veto right. This explains why relatively mild opposition with regard to NATO after the first round of enlargement grew into a powerful wave of anti-Western, anti-American and anti-NATO protests in the wake of the Kosovo crisis, marking a turning point in U.S.-Russian relations. Suffice it to compare the 1997 and 2000 versions of Russia's National Security Concept or the 1993 and 2000 editions of the Military Doctrine (see 2.3).

The most frequent question in the debates on NATO enlargement toward the Baltics was how this process would influence Russia's relations with the West and whether it would maintain the post-Cold War status quo that was highly acceptable to the West. Would NATO provoke Russian hostility and force it go back to the Cold War approaches? Although Russia was not able to prevent NATO's expansion into the Visegrad countries<sup>98</sup>, her leaders informed the West with unmistakable clarity that they viewed Baltic membership of NATO as the 'red line'. Should NATO cross that 'red line' 'European stability might not withstand the new tension'.<sup>99</sup> How was Russia prepared to respond to NATO expansion? Russian officials used to reiterate that they would take 'adequate measures'. But what was 'adequate?'<sup>100</sup> The Russian government started to realise that it had no real veto power over NATO decisions: economic weakness limited Russia's ability to respond. Furthermore, the argument about the 'red line' running 'along the former Soviet border' was not particularly convincing.

It is noteworthy that Russia's attitudes towards the European Union have always been very different from those towards NATO. For a long time the 'bad West' to Russia was the United States and NATO. The 'good West' was the EU, which was regarded as the most powerful economic partner and most important political actor in Europe. At the same time, Russia's policy had been far from unchanging in her relations with Europe. But it should be noted that, albeit after the 'honeymoon' period, which ended fairly swiftly in the early 1990s, Russia's relations with Europe became more conditional and fraught (since the mid-1990s), a co-operative trend did not disappear.<sup>101</sup>

In contrast to the enlargement of NATO, Russia has been generally positive with respect to EU enlargement. When treating the Union as a benign organisation, Russia liked about it 'not the things that the EU had ... but rather the things the EU lacked', namely, the American presence and an integrated military structure.<sup>102</sup> As part of the Primakov doctrine, Russia had undertaken considerable political and diplomatic activity to promote a 'pan-European security architecture', i.e. non-NATO security framework. In this context the development of the European Security and Defence Policy (ESDP), with the aim of strengthening the EU as an autonomous international actor, seemed a rather positive factor for Moscow. Interestingly enough, the launch of the ESDP coincided with a period of sharp deterioration in Russia's relations with NATO as a result of the Kosovo campaign. The Primakov doctrine's treatment of NATO as 'little more than an instrument of American power projection' was pertinent to Russia's initial response towards the ESDP.<sup>103</sup> The ambitions of the ESDP were seen as narrow and modest, preserving the EU's image as a primary economic actor and an unlikely military power.

Overall, under Yeltsin, Moscow was making a contradistinction between Atlantic and European military and political cooperation the cornerstone of its policy.<sup>104</sup> A



perception of the European Union as an essentially non-threatening, economic organisation, remained prevalent. NATO, on the contrary, was viewed as a U.S.-dominated military bloc, whose advance to Russia's borders was intrinsically a cause for concern. There are serious grounds for believing that it was precisely because of NATO's drive eastwards that Russia adopted a benevolent attitude towards the EU's own enlargement project, viewing it as an alternative project.

## 2.5. The unreformed armed forces

After the break-up of the Soviet Union, the military balance changed dramatically to the disadvantage of Russia. Russia retained only 8 of the 16 Soviet military districts. The Russian military lost the majority of the USSR's most capable military units, the so-called 'first strategic echelon', which had been stationed in the newly independent states.<sup>105</sup> From a geo-strategic point of view, Russia had withdrawn about 1500 km from the centre of Europe: from Eastern Germany and Czechoslovakia to Kursk and Smolensk in European Russia. The Leningrad, Moscow and the North Caucasus Military Districts have turned from the deep rear areas (for more than 300 years) into the advanced defence lines of Russia in the West and South West. Meanwhile NATO's operational depth had been increased by 20 percent.<sup>106</sup> In short, the strategic environment of Russia's Western strategic direction has changed fundamentally, requiring the formulation of a new strategic approach.

The prestige of the Soviet Army was already declining in the Gorbachev period. Lack of success in the Afghan war reflected on its professional credibility; under *glasnost* the media published stories about corruption among senior officers and bullying in the barrack room, which damaged the army's image even more. The armed forces' close links with the Communist Party meant that the military were tainted with politicians' corruption and incompetence.<sup>107</sup> At the same time the rebirth of Russia provided an opportunity to create new armed forces, which could act as a nation-building force. However, this opportunity was wasted as the Yeltsin leadership was inclined to maintain as much of the Soviet military machine as possible.

Since the whole state was geared for conflict for 70 years, every aspect of the state had to face reform. In other words, reform of all sectors simultaneously was needed for the military to implement successful reforms. Military reform had to encompass not only the armed forces but also the military industrial complex (MIC), policy making and command and control structures, the legal framework of the state, and, not least, economic and social spheres.<sup>108</sup> It is important to note that Russians make a difference between reform of the military and reform of the armed forces.<sup>109</sup> The result of the confusion between the two and the necessity of having a fully functioning economy placed additional strains on reforms. In the end, reforms came to mean simple downsizing, without the vision to implement a decent force structure revision.

After the establishment of the Russian Ministry of Defence (MOD) in May 1992 a three-stage plan was put forward: to reduce, reform and restructure the armed forces by the end of 1990s. However, General Pavel Grachev, Russia's first defence minister (1992-1996) lacked professional judgement. In the opinion of many experts, Grachev



was an incompetent minister: reform was basically replaced with the mechanical reduction of the numerical strength of the Russian military and the redeployment of military units and equipment from the foreign states and territories of the former Soviet republics.<sup>110</sup>

In the early nineties the Russian Armed Forces had been hit by a series of disasters. First of all, numerous cuts in the armed forces, mainly because of arms control agreements, concluded during the period of Gorbachev and Shevardnadze<sup>111</sup>, were difficult for the military system to absorb. Secondly, the lack of reform, coupled with a perceived loss of status, had a tremendous impact on the morale of the Russian officer corps, which was still in shock from the effects of the end of the Cold War. What was worse, the absence of economic reforms and high inflation in Russia, contributed to the further decline of defence budget and had led to a wider malaise throughout all levels of the military. The continued appalling treatment of conscripts, the so-called *dedovshchina*, undermined the morale of servicemen. As a way to compare the morale and living standards of troops, the USSR allegedly suffered 15,000 killed in 10 years of war with Afghanistan. Russia lost the same number of soldiers to accidents, suicides, killings and disease between 1990 and 1993.<sup>112</sup> The crisis in morale in the armed forces particularly manifested itself during the first Chechen war in 1994-1996. An army of Chechen guerrillas and combat forces defeated the armed forces of an enormously larger and richer country. Even when Chechen guerrillas invaded Russia twice in 1995, Russian forces were unable to prevent the escape of their leaders.

As a result of the poor political standing of the MOD, there was a rise in parallel armies – military and paramilitary formations controlled by various internal security agencies. Another characteristic feature of the military was the endemic corruption at all levels of service. It was well documented that a ‘military financial mafia’ was manipulating money in the military budget by delaying the transfer of huge sums to troops in the field.<sup>113</sup> The involvement of military personnel in crime and corruption made the ‘protectors’ of Russian security a threat to that security.

Russian failure in the first Chechen war provoked General Grachev’s replacement with Colonel-General Igor Rodionov (1996-1997). However he was sacked in less than a year for refusal to compromise on the matter of the military reform. Rodionov’s successor Marshal Igor Sergeyev (1997-2001) was tasked to implement reform within a severely retrenched defence budget. In accordance with the reform programme, the strength of the armed forces was reduced to 1.2 million personnel by 1999.<sup>114</sup> As part of organisational reform, the integration among similar services allegedly allowed the elimination of duplicated structures, unified combat training and rear services, thus reducing the overall costs of maintenance.<sup>115</sup> Some military districts were merged, reducing the total number from eight to six: Moscow, Leningrad, Trans-Caucasus, Trans-Volga-Ural, Siberia and Far East. By 2000, this structural organisation was complete. But it was far from a comprehensive military reform.

The outcome of reform had, for the most part, limited itself to downsizing and massive cutting. The monstrous MIC was in stagnation, research and development (R&D) was suspended, and highly trained personnel were lost. The government was relying on foreign arms sales to finance the MIC, to keep it going at its Soviet level in the hope of



reconstituting the whole Soviet MIC by agreements within the CIS.<sup>116</sup> This all took place under the slogan of 'conversion'.<sup>117</sup> But the biggest problem was the military leadership: the style of leadership was the legacy from the Soviet era. It developed in a conscript army serving an authoritarian political system. Meanwhile after the collapse of the USSR Russia was evolving as a quasi-democracy trying to raise professional armed forces. Quite apart from the implications this had for civil-military relations the armed forces needed a new basis for relationships within their ranks. The weakness of Russia's conventional Armed Forces and their failure to effectively prepare for local wars and other armed conflicts was tacitly admitted by the Russian government in the promotion of its nuclear deterrent forces.<sup>118</sup> Throughout the 1990s, Russia's nuclear forces had been vital in justifying her residual claim to a great power status.

All in all, the Russian military authorities missed at least two good chances to launch a comprehensive military reform – at the very start of its new state building in 1992 and after the defeat in the first Chechen war in 1996. It is clear that military reform could not be implemented in the absence of deep economic and societal changes. Despite Russia's 'opening' to the West between 1991-1994, and since her reversal in 1999, reforms had gone nowhere. Disputes, internal struggles, and even public infighting among the military leadership (in particular between Defence Minister, Marshal Sergeyev, and Chief of the General Staff (GS), Anatoly Kvashnin) stalled reforms; and finally, the Kosovo and Chechen conflicts basically nullified reform.<sup>119</sup> Morale remained low and desertions high, because high ranking officers were often corrupt and brutal, and because the whole military establishment had no direction.

## 2.6. Conclusions

Boris Yeltsin's leadership can be judged from different perspectives. One could look at the results of his activities as a destroyer of the Soviet Union and communism. In this aspect, his performance would receive high marks. But if one evaluates the consequences of Yeltsin's actions from the point of view of how far he succeeded in moving Russia closer to liberal democracy, taking into account opportunities and chances that were wasted under him, then the assessment of the regime is completely different. It is also important to bear in mind that the number of tasks and challenges facing Russia at that time were so enormous and conditions for solving them were just as limited. On the other hand, it should be noted that Yeltsin had several levers of power concentrated in his hands at the initial stage, when the political field and society had yet to be structured and he had substantial opportunities to influence the course of events.

Thus, what aspects of his legacy can be considered positive from a liberal-democratic perspective? Firstly, he played a huge part in the peaceful break up of the Soviet Union and guaranteeing the emergence of independent states on its territory. Secondly, an outcome of Yeltsin's rule was the emergence of preconditions that made Russia's return to communism impossible.<sup>120</sup> Thirdly, under Yeltsin, democratic legitimisation of power became the most important element of the political regime. Fourthly, his clear progress towards promoting freedom, political pluralism and regular elections could be also assessed favourably. Fifthly, Yeltsin got the political elite 'accustomed to solving international questions in a relatively modern way', making a return to a Cold War after



his period more difficult, and perhaps impossible.<sup>121</sup> It should not be overlooked the professionalism with which Russian diplomacy has been conducted on key issues under both Kozyrev and Primakov, the extent to which, Primakov especially, was able to insulate foreign policy-making process from the broader turbulences of Russian politics. Finally, Yeltsin made the return to a planned centralised economy impossible. He recognised the need for market reform as the sole factor that could lead Russia from the deep economic crisis that accompanied the collapse of communism.

At the same time, negative features of Yeltsin's rule are equally obvious. First, it was under his government that corruption, shadowy relations, and the merger of political power and business became systemic, becoming the most important component of survival of both the leader and society. The legacy of Yeltsin's years in power was the hybrid political and economic system, combining substantial elements of democracy, arbitrariness and kleptocracy.<sup>122</sup> Second, Yeltsin returned Russia to the tradition of personalised rule. Third, with his direct participation, there emerged a regime that encouraged a lack of accountability in all political institutions, including the presidency. This led to a malaise in all spheres of the state: political, military, economic, social, and other spheres. It was under his leadership that the principles of liberal democracy were discredited, given that they were used as a 'façade for shady relations and autocratic rule'.<sup>123</sup>

Such a chaotic domestic situation has a direct impact on the conduct of foreign and security policy. The most striking features of foreign policy used to be incoherence and ambivalence, reflecting the ambiguous nature of Russia as 'a regional power in terms of capabilities and a great power in terms of nostalgia, pride and ambition'.<sup>124</sup> The root of Yeltsin's failures in foreign policy was the lack of an overarching vision of where he was taking his country. Despite the production of documents solemnly listing 'concepts' and 'doctrines', policy objectives were not clearly defined, and Yeltsin kept shuffling personnel at such a rate that implementation of such a policy became impossible.

Simply put, the overall approach of Russia's foreign policy was reactive and *ad hoc*. The outcome, largely accidental, was 'pragmatism by default' instead of consensus sought by the regime.<sup>125</sup> On the whole, the Yeltsin legacy is indeed a mixture of successes and failures but there is a little doubt that liberalist view of Kozyrev, who indisputably wanted Russia to choose her strategic direction towards West, had an enormous impact on the conduct of Russia's foreign policy.

<sup>1</sup> Count Witte quoted in Medvedev, S., 'Russia at the end of modernity: foreign policy, security, identity', in Medvedev S., Konovalov, A., and Oznobishchev, S. (eds.), *Russia and the West at the Millennium: Global Imperatives and Domestic Politics* (Garmisch-Partenkirchen: George C. Marshall European Center for Security Studies, 2002), p. 35.

<sup>2</sup> Medvedev, S., *Rethinking the National Interest: Putin's Turn in Russian Foreign Policy*, Marshall Center Papers, No. 6 (Garmisch-Partenkirchen: George C. Marshall European Center for Security Studies, 2003), p. 9.

<sup>3</sup> Ibid, p. 10. See also other sources of Russia's history: Yanov, A., *The Origins of Autocracy: Ivan the Terrible in Russian History* (Berkley, Los Angeles, London: University of California Press, 1981); Chulos, C. J., and Piirainen, T. (eds.), *The Fall of an Empire, the Birth of a Nation: National Identities in Russia* (Ashgate, 2000).

<sup>4</sup> Medvedev, *Rethinking the National Interest*, p. 12.

<sup>5</sup> Medvedev, 'Russia at the end of modernity', p. 36.

<sup>6</sup> Goble, P. A., 'Russia as a Failed State: Domestic Difficulties and Foreign Challenges', in *Baltic Defence Review*, Vol. 2, No. 12 (Tartu: Baltic Security Society, 2004), p. 78.

<sup>7</sup> Yanov, A., *The Origins of Autocracy: Ivan the Terrible in Russian History* (Berkley, Los Angeles, London: University of California Press, 1981).



- <sup>8</sup> Medvedev, *Rethinking the National Interest*, p. x.
- <sup>9</sup> Kissinger, *Diplomacy*, pp. 24-25.
- <sup>10</sup> Medvedev, *Rethinking the National Interest*, p. x. There is a considerable amount of confusion about the terms: modernity, modernism, post-modernity and post-modernism. Modernism and post-modernism have tended to be associated with aesthetic and intellectual movements such as in the architecture and literature; modernity and post-modernity have tended to be used to refer to changes in social and economic institutions.
- <sup>11</sup> Ibid, p. 28.
- <sup>12</sup> Lo, *Russian Foreign Policy*, p. 3.
- <sup>13</sup> Brown, A., and Shevtsova, L. (eds.), *Gorbachev, Yeltsin and Putin: Political Leadership in Russia's Transition* (Moscow: Carnegie Endowment for International Peace, 2001), p. 75.
- <sup>14</sup> Ibid, p. 77.
- <sup>15</sup> Sakwa, R., 'The regime system in Russia', in *Contemporary Politics*, Vol. 3, No. 1 (1997), p. 13.
- <sup>16</sup> Brown, Shevtsova, p. 80.
- <sup>17</sup> Ibid., p. 75.
- <sup>18</sup> Ibid., p. 83.
- <sup>19</sup> Surovell, J., 'Post-Soviet Russia: In from the Cold in Europe – or Kept out in the Cold', in *European Security*, Vol. 6, No. 4 (Winter 1997), p. 24.
- <sup>20</sup> Medvedev, *Rethinking the National Interest*, p. 35.
- <sup>21</sup> Boxer, V., et al., 'Putin's First Year: How Good, How Bad?', Roundtable discussion, Conference Proceedings, (Belfer Center for Science and International Affairs, May 10, 2001); [www.ciaonet.org/conf/bov01](http://www.ciaonet.org/conf/bov01).
- <sup>22</sup> Robinson, N., *Russia - A State of Uncertainty* (London & New York: Routledge, 2002), pp. 89-90.
- <sup>23</sup> The next largest nationality groups are Tatars (3.8%), Ukrainians (3%), and Chuvash (1.2%). See Goldman, S. D., 'Russia' in *CRS Issue Brief* (Congressional Research Service (U.S.), March 6, 2002), p. CRS-1.
- <sup>24</sup> Bolotin, B., 'Social'no-ekonomicheskiye pokazateli Zapada i Rossii'[Socio-economic figures for the West and Russia], in *Mirovaya ekonomika i mezhdunarodnye otnosheniya*, No. 8 (Aug 1999), pp. 114-128.
- <sup>25</sup> Lo, 'The Securitization of Russian Foreign Policy', p. 13.
- <sup>26</sup> Lo, *Russian Foreign Policy*, p. 69.
- <sup>27</sup> 'Kontseptsiya Natsional'noy Bezopasnosti Rossiyskoy Federatsii' [The Concept of National Security of the Russian Federation], in *Nezavisimoye Voyennoye Obozreniye*, No. 1 (Jan 14-20, 2000), pp. 1, 6-7. See also 'Voennaya Doktrina Rossiyskoy Federatsii' [The Military Doctrine of the Russian Federation], in *Nezavisimoye Voyennoye Obozreniye*, No. 15 (26 Apr – 11 May 2000), pp. 1, 4-5.
- <sup>28</sup> Lo, *Russian Foreign Policy*, p. 71.
- <sup>29</sup> It was debated whether Putin, as acting president, had much influence on the anti-Western provisions of the National Security Concept and the Military Doctrine, which took effect in January and April 2000 respectively. But there is evidence from his speeches that after taking office Putin gradually started to disregard these provisions and embarked on pursuing a policy of pragmatic rapprochement with the West.
- <sup>30</sup> Antonenko, O., 'Russia, NATO and European security after Kosovo', in *Survival*, Vol. 41, No. 4 (1999-2000), p. 136.
- <sup>31</sup> 'Kontseptsiya Natsional'noy Bezopasnosti'.
- <sup>32</sup> Kværnø, pp. 82-83.
- <sup>33</sup> Lo, *Russian Foreign Policy*, p. 71.
- <sup>34</sup> 'Voennaya Doktrina'.
- <sup>35</sup> Ibid.
- <sup>36</sup> Main, S. J., 'Russia's Military Doctrine', Occasional Brief, Vol. 77 (CSRC, Apr 2000), p. 4.
- <sup>37</sup> Trenin, D., *The End of Eurasia: Russia on the Border Between Geopolitics and Globalization* (Washington D.C.: Carnegie Endowment for International Peace, 2002), <http://pubs.carnegie.ru/english/boks/2001/03dt/ch7.asp>.
- <sup>38</sup> Møller, K., MG, 'Russian Security Policy – In Search of a Major Power Identity', in *Baltic Defence Review*, No. 3 (Tartu: Baltic Security Society, 2000), p. 65.
- <sup>39</sup> Webber, M. (ed.), *Russia and Europe: Conflict or Cooperation* (Macmillan Press Ltd, 2000), p. 4.
- <sup>40</sup> Ibid.
- <sup>41</sup> Ibid.
- <sup>42</sup> 'Russia and Europe. The common future', Conference Proceedings, (Stockholm, Oct 13, 1999), pp. 24-25.
- <sup>43</sup> Medvedev, 'Russia at the end of modernity', p. 36.
- <sup>44</sup> Lo, *Russian Foreign Policy*, p. 5.
- <sup>45</sup> Ibid, pp. 6-8.
- <sup>46</sup> Atlanticists were a school of thought of foreign policy in Russia, uniting small group of governmental officials and academics close to the MFA under A. Kozyrev leadership. They considered the West to be the main orientation for Russian foreign policy. Other Atlanticists were: key presidential adviser Gennadi Burbulis and acting Prime Minister Yegor Gaydar. See Webber, *Russia and Europe*, p. 34.
- <sup>47</sup> Lo, *Russian Foreign Policy*, p. 4.
- <sup>48</sup> Adomeit, H., 'Russia as a "Great Power" in World Affairs: Images and Reality', in *International Affairs*, Vol. 71, No. 1 (1995), p. 57.
- <sup>49</sup> Webber, *Russia and Europe*, p. 40.



- <sup>50</sup> Dumpe, E., Kolorev, Y., 'Russia in the European Security System', Weekly Summary, Geneva Security Studies (2004).
- <sup>51</sup> Lynch, A. C. 'The Realism of Russia's Foreign Policy', in *Europe-Asia Studies* (Jan 2001), Vol. 53, Issue 1, pp. 7-8.
- <sup>52</sup> Webber, *Russia and Europe*, p. 39.
- <sup>53</sup> Lynch, 'The Realism of Russia's Foreign Policy', pp. 7-8.
- <sup>54</sup> Wallander, C.A., 'The Russian National Security Concept: A Liberal-Statist Synthesis', Programme on New Approaches to Russian Security, Harvard University, Memo No. 30 (July 1998); <http://www.fas.harvard.edu/~ponars/POLICYMEMOS/Wallander30.html>.
- <sup>55</sup> 'Russia in the Multi-Polar World', Interview with Yevgeniy Primakov, in *Russia*, No. 3 (1997), p. 6.
- <sup>56</sup> Starobin, P., Fairlamb, D., and Crock, S., 'Putin's Russia', in *Business Week*, Issue 3664 (17 Jan 2000), p. 49.
- <sup>57</sup> Webber, *Russia and Europe*, p. 40.
- <sup>58</sup> Møller, 'Russian Security Policy', pp. 71-72.
- <sup>59</sup> Until the late 1980s the Soviet superiority had been 3:1 of the five main weapons system categories of the CFE Treaty. The first round of NATO enlargement reversed this ratio, making 4:1 in favour of NATO. See Ibid., p. 70.
- <sup>60</sup> Ibid.
- <sup>61</sup> Pushkov, A., 'Russia in the world: next to the West or by itself?', *Mezhdunarodnaya Zhizn*, No. 1, 1997, pp. 34-35 (in Russian)
- <sup>62</sup> Trenin, *The End of Eurasia*.
- <sup>63</sup> Brown, A. (eds.), *Contemporary Russian Politics: A Reader* (Oxford University Press, 2001), p. 435.
- <sup>64</sup> *Izvestiya* (2 Jan 1992).
- <sup>65</sup> Webber, M., *The International Politics in Russia and the Successor States* (Manchester: Manchester University Press, 1996), p. 100.
- <sup>66</sup> Lynch, D., *Russian peacekeeping strategies in the CIS. The cases of Moldova, Georgia and Tajikistan* (Basingstoke: Macmillan, 2000), p. 2.
- <sup>67</sup> *Nezavisimaya Gazeta* (19 Jan 1994).
- <sup>68</sup> Yeltsin, B., 'Strategicheskaya tsel' – sozdat' protsvetayushchuyu stranu' [Strategic goal – to create a welfare country], Address to the Federal Assembly', in *Rossiyskaya Gazeta* (25 Feb 1994), p. 2.
- <sup>69</sup> Primakov, Y., 'Rossiya – SNG: Nuzhdaetsya li v korektirovke pozitsiya Zapada?' [Russia – CIS: Should the West change its position?], Report by the Foreign Intelligence Service, in *Rossiyskaya Gazeta* (Sept 22, 1994), pp. 1, 6.
- <sup>70</sup> Lo, *Russian Foreign Policy*, pp. 73-74.
- <sup>71</sup> Arbatov, A., 'Real'naya integratsiya: s kem i kakaya?' [True integration: with whom and in which way?], in *Nezavisimaya Gazeta* (24 June 1994), p. 2.
- <sup>72</sup> [http://www.reisenett.no/map\\_collection/commonwealth/Commonwealth\\_pol97.pdf](http://www.reisenett.no/map_collection/commonwealth/Commonwealth_pol97.pdf)
- <sup>73</sup> Chernov, V., 'Natsional'nye interesy Rossii i ugrozy glyya eyë bezopasnosti' [Russia's national interests and in threats to its security], in *Nezavisimaya Gazeta* (Apr 29, 1993), p. 1,3.
- <sup>74</sup> Primakov, Y., 'Rossiya – SNG', p. 6.
- <sup>75</sup> Pravda, A., 'Foreign Policy', in White, S., Pravda, A., and Gitelman, Z. (eds.), *Developments in Russian Politics*, Vol. 5 (Palgrave, 2001), p. 220.
- <sup>76</sup> Smith, M. A., 'Russia Foreign Policy 2000: the Near Abroad', Conflict Studies Research Centre, F71 (Dec 2000), p. 19.
- <sup>77</sup> Olcott, M., Aslund, A., and Garnett, S. W., *Getting it Wrong: Regional Cooperation in the Commonwealth of Independent States* (Washington D.C: Carnegie Endowment for International peace), pp. 59-65.
- <sup>78</sup> Pravda, 'Foreign Policy', p. 222.
- <sup>79</sup> Lynch, *Russian peacekeeping*, chapter 6. See also Pravda, *ibid.*, pp. 222-223.
- <sup>80</sup> Lo, *Russian Foreign Policy*, p. 78.
- <sup>81</sup> Pravda, 'Foreign Policy', p. 219.
- <sup>82</sup> Pravda, A., and Malcolm, N., 'Conclusion', in Malcolm, N., et al., *Internal Factors in Russian Foreign Policy* (The Royal Institute of International Affairs and Clarendon Press, Oxford), pp. 169-229.
- <sup>83</sup> Lieven, A., 'The weakness of Russian nationalism', in *Survival*, Vol. 42, No. 1 (Spring 2000), pp. 130-140.
- <sup>84</sup> Lo, *Russian Foreign Policy*, pp. 75, 86. See also Pravda, 'Foreign Policy', pp. 217-218.
- <sup>85</sup> This group was established in 1997 in the format of 4 countries, Uzbekistan joined in 1999.
- <sup>86</sup> The group's leading state – Ukraine - signed a Charter with NATO in 1997, Georgia and Azerbaijan also expressed their aspirations to join NATO. See also Lo, *Russian Foreign Policy*, p. 77.
- <sup>87</sup> B. Yeltsin quoted in Gornostaev, D., 'Poslaniye prezidenta sensatsii ne prineslo no bylo ubeditel'nym' [The speech of the president had not caused a sensation but was convincing], in *Nezavisimaya Gazeta* (31 March 1999), p. 3.
- <sup>88</sup> <http://en.wikipedia.org/wiki/GUUAAM>.
- <sup>89</sup> Sprūds, A., 'Russia's Policy Towards Europe's "New Neighbours": in Pursuit of Partnership or Domination', in Lejinš, A., (ed.), *An Enlarged Europe and its Neighbourhood Policy: the Eastern Dimension* (Latvian Institute of International Affairs, 2004), p. 34.
- <sup>90</sup> Lo, *Russian Foreign Policy*, p. 77.
- <sup>91</sup> Safranchuk, I., 'Russia and NATO: Looking Beyond Expansion', in *NATO Enlargement Daily Brief* (7 May 2002).



- <sup>92</sup> Arbatov, A. G., Kaiser, K., and Legvold, R. (eds.), *Russia and the West: The 21<sup>st</sup> Century Security Environment* (New York: EastWest Institute, 1999), p. 61.
- <sup>93</sup> Trenin, *The End of Eurasia*.
- <sup>94</sup> Light, M., et al., 'Russian Perspectives on European Security', in *European Foreign Affairs Review* (2000), p. 3.
- <sup>95</sup> Meyer, K. R., 'US Support for Baltic Membership in NATO: What Ends, What Risks?', in *Parameters* (Winter 2000-2001), p. 70.
- <sup>96</sup> Ibid.
- <sup>97</sup> Trenin, *The End of Eurasia*.
- <sup>98</sup> Czech Republic, Poland and Hungary.
- <sup>99</sup> 'Yeltsin Tells NATO to Keep out of Baltics', in *The Guardian* (15 May 1998).
- <sup>100</sup> The horror list of Russian counter-measures, e. g. military spending would rise, there would be a new arms race, 'nuclear factor' would be 'reconsidered', had consistently failed to impress the West. Regarding the Baltic membership, the only countermeasure Russia had been able to think of was the deployment of land- and sea-based tactical nuclear weapons in the Baltic Sea, withdrawing from the informal 1991 regime, which limited and reduced these weapons, and violating Moscow's promise to keep the Baltics 'nuclear-free'. See Sokov, N., *Russian Policy Towards the Baltics: What the West Can Expect and What it Could Do*, Occasional Paper (The Atlantic Council of the United States, July 1999), p. 19.
- <sup>101</sup> Webber, *Russia and Europe*, pp. 22-45.
- <sup>102</sup> Trenin, D., 'Russian-Lithuanian Relations: Will the Success Story Last', in *Lithuanian Foreign Policy Review*, Vol. 2, No. 6 (2000); <http://www.urm.lt/lfrp>.
- <sup>103</sup> Rontoyanni, C., 'So far, so good? Russia and the ESDP', in *International Affairs*, Vol. 78, No. 4 (2002), p. 814.
- <sup>104</sup> Baranovsky, V., 'Common European Security and Defence Policy: Horizons of the Russian Perception', in *The Quarterly Journal*, Vol. 1, No. 1 (Jan 2002), p. 23.
- <sup>105</sup> Tikhomirov, V. (ed.), *Russia after Yeltsin* (Ashgate, 2001), pp. 194-195.
- <sup>106</sup> (Dobriansky, P. J., 'Russian Foreign Policy: Promise or Peril?', in *Russian and Eurasian* (21 June 2000); <http://www.scis.org/ruseura/ex005.html>).
- <sup>107</sup> Orr, M., 'The Russian Armed Forces as a Factor in Regional stability', in Dick, C., and Aldis, A. (eds.), *Central and Eastern Europe: Problems and Prospects*, The Occasional, No. 37 (SCSI, 1998), p. 100.
- <sup>108</sup> Dick, C. J., 'Russian Military Reform: Status and Prospect' (UK MoD, 1999); [www.pims.org/Projects/scrc/Russian\\_Mil\\_Reform\\_Status\\_Prospects.htm](http://www.pims.org/Projects/scrc/Russian_Mil_Reform_Status_Prospects.htm)
- <sup>109</sup> Haltiner, K. W., 'The Definite End of the Mass Army in Western Europe', in *Armed Forces and Society*, Vol. 25, No. 1 (Rutgers University, Fall 1998), p. 133.
- <sup>110</sup> Tikhomirov, p. 199.
- <sup>111</sup> Then E. Shevardnadze was Minister of Foreign Affairs.
- <sup>112</sup> Labarre, F., 'Russian Military Reform: An Overview', in *Baltic Defence Review*, No. 5 (Tartu: Baltic Security Society, 2001), p. 66.
- <sup>113</sup> Ibid.
- <sup>114</sup> Ibid.
- <sup>115</sup> The Strategic Missile Forces, Military-Space Forces and Military-Space Defence were integrated into a single fighting service – the Strategic Missile Forces.
- <sup>116</sup> Kennaway, A., 'The Russian Military Industrial Complex', in Dick, C., and Aldis, A. (eds.), *Central and Eastern Europe: Problems and Prospects*, The Occasional, No. 37 (Strategic and Combat Studies Institute, 1998), p. 97.
- <sup>117</sup> The aim was to convert the MIC to make more civilian goods for income and profit.
- <sup>118</sup> Orr, p. 110.
- <sup>119</sup> Labarre, 'Russian Military Reform', pp. 63-70.
- <sup>120</sup> Brown, Shevtsova, p. 88.
- <sup>121</sup> Ibid.
- <sup>122</sup> Ibid., p. 4.
- <sup>123</sup> Ibid., p. 88.
- <sup>124</sup> Pravda, 'Foreign Policy', p. 215.
- <sup>125</sup> Lo, *Russian Foreign Policy*, p. 8.



## CHAPTER 3

### PUTIN'S RUSSIA: QUO VADIS?

Two unsuccessful exit strategies attempted from the mid-1980s to the mid-1990s – ‘Gorbachev’s evolution and Yeltsin’s revolution’<sup>1</sup> - had instilled the awareness of a systemic crisis and of the necessity for structural change. They questioned the tenets of Russia’s modern self-perception as a superpower and territorial giant and initiated a critical reassessment of Russia’s role in world affairs. Various intellectual groups and think-tanks had provided different perspectives, from liberalism to Eurasianism, but there had been a shared sentiment that ‘from *shaping* the world Russia should turn to *adaptation* to the external environment.’<sup>2</sup> Russia faced the challenge of adapting to globalisation. This was precisely the new agenda of the new leader, Vladimir Putin, who was a symbolically appointed president by the outgoing Boris Yeltsin on 31 December 1999. Strategies of adaptation are key for understanding Putin’s domestic project and Russian foreign policy, both of which are analysed in chapters 3 and 4 of this thesis. The results of President Vladimir Putin’s rule allow us to draw some conclusions as to possible direction in which Russia is heading in the near future, as well as the challenges that she is likely to face.

There is an apparent lack of congruity between Putin’s domestic and foreign policies. This is the so-called ‘parallelism in Russia’s politics’, whereby domestic developments are characterised by autocratic measures and foreign policy follows a more liberal line.<sup>3</sup> But the Russian foreign policy parallel intersects with the Russian domestic policy parallel, as foreign policy is ultimately geared to domestic concerns. By and large, the complexity of Russia’s transformation blurs the methodological border between domestic and foreign policy, inside and outside. Internal actors, challenges and constraints are increasingly setting the foreign policy agenda, while the external environment increasingly shapes domestic identities and responses. In this fluid environment globalisation has entered Russia in unpredictable, at times uncomfortable, ways, defining new imperatives for Russia’s national interest, security strategy and foreign policy.

In assessing Russia’s domestic agenda, much depends upon the assessment of the character and intentions of the Russian President himself. Putin is, paradoxically, the driving force behind much of the policies that have raised concerns in the Western world (building ‘power vertical’, steps taken against opposition media, the military campaign in Chechnya) and the driving force behind enhanced cooperation with the West. He is generally viewed within Russia and abroad as having brought stability at some cost in liberty, and both President Putin and some of his most controversial policies (such as the post-Beslan reform or the campaign against Yukos) remain popular among an apolitical electorate. A question that needs to be answered first of all is how has Vladimir Putin’s rise to power influenced the course of consolidation and modernisation of the state or the lack thereof?



The chapter does not seek to grasp the full range of issues related to Putin's regime. Instead it focuses on the three key elements of state building: state capacity, state integrity and state autonomy.<sup>4</sup> State capacity refers to the ability of a state to ensure reliable implementation of its decisions by its own personnel. In Russia's context, it comprises a variety of tasks starting from the implementation of reforms aimed at modernizing the state, ensuring social and physical security of the population to establishing a well functioning apparatus of the Russian Federation, which would ensure adequate balance of authority between federal and regional levels. State integrity in Russia largely concerns federalism and inter-ethnic relations, specifically Chechnya. State autonomy implies that the Russian state is able to make major policy decisions independently, without them being hijacked by well-positioned groups of the elite.

### 3.1. Putin's state building project

#### 3.1.1. Differences between the Yeltsin and Putin periods

Vladimir Putin's *blitzkrieg* presidential campaign and overwhelming victory in the April 2000 presidential elections raised many concerns among the liberal Russian intelligentsia and in the West about the re-emergence of authoritarian trends in Russia. These concerns were prompted in the first instance by Putin's background as a KGB officer with an uncertain political agenda. The new leader was a man with neither a brilliant career nor charisma. In stark contrast to Yeltsin, his career 'had been that of a perennial second in command'<sup>5</sup> (Putin used to work as a deputy to Anatoliy Sobchak, mayor of St. Petersburg, and in a variety of posts in the Yeltsin administration). Ironically, these features of Putin, in addition to 'his appearance, modesty, dullness, sportsman style', even his origins in the KGB, perceived within society as 'the least corrupted organisation', played to his advantage and helped his rise to power.<sup>6</sup> The key thing about Putin: he was just like everyone else. The Russian people had lost faith in the traditional type of leader, who was 'elderly, conservative, experienced in bureaucratic struggle, and represented the Soviet *nomenklatura*'<sup>7</sup>

The contrast between Putin and Yeltsin is striking: the leader with a new kind of personality – a relatively young and an educated individual, who came from the old capital of St. Petersburg, who had lived abroad and spoke a foreign language – is exactly the opposite to his predecessor.<sup>8</sup> Beyond this, Putin's appearance on the scene illuminated the need 'to get away with a revolutionary cycle'<sup>9</sup> and make a transition to a more stable environment that required a new type of leader.

Yeltsin had led a weak state, which had lost its central authority and integrating feature and suffered from a split in the ruling elite. The political environment under Yeltsin was fragmented. This fragmentation resulted in a critical role for the Russian president, who acted as a supreme referee solving conflicts between competing groups. Yeltsin was unable to address fundamental problems and could not overcome resistance from political groups. As head of the Effective Policy Foundation and Putin's spin-doctor, Gleb Pavlovsky, put it, 'Yeltsin did not build a state. He led a revolution for ten years'.<sup>10</sup> It fell to Putin to become the consolidator of the tenuous elements of statehood



that had emerged out of Yeltsin's permanent revolution. Thus, Putin was a logical conclusion to the Yeltsin era.

Political literature has labelled Putin's era as a post-revolutionary period following Yeltsin's political and social turmoil. The country had been weakened by decade-long decline and was badly affected by the domestic socio-economic impact of post-Communist transition. The whole state machinery was not functioning: there was poor corporate governance, lack of clear legislation, fading central authority over the regions, unlimited power of oligarchs, especially the 'family', corruption and criminality. Furthermore, the loss of status after the Cold War, financial restraints, and the war in Chechnya had a demoralising and devastating effect on the Russian military, which remained unreformed and thus ineffective. Russia's economic conditions were poor, and the country was facing the problem of high debt to the West. Ironically, for all her weaknesses, Russia mattered for the outside world for three reasons: 'the atom, the veto and the location'.<sup>11</sup>

President Putin pursued a goal of consolidation of the state accompanied by unification of the political elite. Those who resisted Putin's policy were pushed out of the political scene. Unlike Yeltsin, Putin openly relied on bureaucratic instruments, while limiting both democratic and oligarchic tendencies. At the same time, he attempted to make the political structure more businesslike: he abandoned the overstated monarchic style, rationalised the system of power, making it more technological. Putin's ruling style, his rhetoric and his sources of support revealed his intent to change Yeltsin's 'patrimonial monarchic system'. At least on the outside, Putin demonstrated an entirely different ruling style: rational, cold, avoiding 'displays of partisanship'.<sup>12</sup> In 2000-2001 the complex political structure of the Yeltsin years, characterised by a high level of infighting and decentralisation, was gradually replaced by a processes of unification and the formation of administrative teams along hierarchical lines. However, while in his first two years Putin had managed to impose a sense of purpose and unity to the very concept of the state, towards the end of his first term, it appeared once again to be 'disintegrating into the struggle between clans and factions'. To quote Richard Sakwa, Professor of Russian and European Politics at the University of Kent, 'the Yeltsinite conglomerate state' began to appear.<sup>13</sup>

From the very start of Putin's presidency, the word 'pragmatism' was used as the best definition for his external policy. The first policy statement that Putin made as a newly elected president contained three overlapping themes. First, he emphasised that the Russian state needed to be put back in order that it was compatible with democracy. Second, the basis for the whole thing would be market economy: if Russia's GDP grew by 8 percent a year, in 15 years it would only reach present living standard of Portugal, then the poorest country of the EU.<sup>14</sup> Both goals are central to Putin's efforts to restore Russia's power and influence in the world. Last but not least, was 'reviving a sense of nationhood'<sup>15</sup> in post-Soviet Russia. Putin also stressed the necessity to have good relations with all Russia's neighbours, the United States, and Europe in particular.<sup>16</sup> This was his general political manifesto and a comprehensible political line.

Putin's post-revolutionary era was to solve problems inherited from the past and included its own specific elements. For example, preserving power and property without



public control was the strategic interest of post-Soviet elites, who were mainly preoccupied with conservation of their status quo and protection from further competition. Predictability and stability became the priorities for the current period. Putin realised that first of all Russia needed to become a politically stable and economically vibrant country. Only then could she promote the multi-polar world order. Medvedev argues that Putin has been actually 'reformulating Russian national interests', the key to which is ensuring a favourable environment for the introduction of domestic reform.<sup>17</sup>

### *3.1.2. Power vertical*

The regime inherited by Vladimir Putin was totally decentralised. Putin's primary objective on assuming power was to re-establish the authority of the Russian state, which had been severely weakened since the late 1980s. Having perfectly exploited the terrorist acts in Moscow and Volgograd, he resolutely waged a new war in Chechnya. The war fostered nationalism and chauvinism and created such an atmosphere that allowed Putin to restrict democratic freedoms and to start building the so-called 'power vertical'. He considered of particular importance the strengthening of the presidency vis-à-vis the other major institutions and actors in the political system. This meant redefining the Kremlin's relations with the Federal Assembly, the regional elite and, above all, wresting influence from oligarchs, who had shot to prominence under Boris Yeltsin and who seemed to have dominated Russian politics since the mid-1990s.

The Federal Assembly was the softest target. The State Duma had always been relatively weak and the 1999 elections had produced a chamber that was ready to follow the president's lead. It proved an eager partner when Putin set out to emasculate the Assembly's upper house, the Federation Council, by replacing the elected regional bosses with appointed senators. The new Federation Council was even less likely than the old one to act as a serious counterweight to the executive. The restructuring of this chamber, in turn, was part of a wide-ranging drive to bring the regional bosses to heel. The results of this campaign were mixed at best, but there is little doubt that they succeeded in strengthening central authority at the expense of the subjects of the federation.

During his first two years as president, Putin generally succeeded in restoring vertical governance. The omnipotence of the regional governors was ended. Controlling the governors allowed Putin to halt the drift of regions and republics towards greater autonomy. The establishment of seven federal districts, together with the appointment of the presidential envoys to those districts, was aimed at forming a common legislative space in the country and bringing local laws, with rare exceptions, in line with federal legislation.<sup>18</sup> The 'family', which included members of the Yeltsin family, leading oligarchs, and chief executives of mass media outlets controlled by those oligarchs, was destroyed as a non-institutional centre of power. Hence, the Russian political and economic actors, who sought to privatise the state, together with all of its resources and institutions, were weakened. In foreign and security policy, Putin has established a clear hierarchy by strengthening the role of the institutions involved.



Presidential authoritarianism and discipline on the one hand and release of economic dynamism on the other defined the parameters of Putin's program. First of all, he wanted to strengthen patriotism (and through this to consolidate popular support), restore the central power of the state, which was prerequisite for modernising the country by establishing economic growth and social justice. Moreover, a strong central power, in his view, was also the prerequisite for the restoration of Russia's position in the international system.

Patriotism is probably 'the quality for which Putin would like most to be remembered'.<sup>19</sup> Yeltsin's political career was built on the rejection of his own Soviet past and that of his country. Putin, on the contrary, has characterised himself, without any embarrassment, as a successful product of the patriotic education of a Soviet man.<sup>20</sup> His vision of a strong, paternalist Russian state includes the Soviet period, rejecting only the Soviet economic system on the grounds that it did not lead to prosperity.<sup>21</sup> There is little doubt that Putin's kind of patriotism is better suited than Yeltsin's patriotism to the majority of Russians still struggling to overcome the humiliation brought about by the disintegration of the Soviet Union.

'People are thirsty for a strong leader,' said Yuriy Levada, a sociologist at Moscow's National Public Opinion Research Institute, mainly because they are afraid of general disorder.<sup>22</sup> During his time in office, Putin has been popular with Russian society, having constant public approval ratings of 70-80 percent. This is especially striking when seen against the backdrop of criticism of the government. Trenin argues that Putin's 'high marks are not being given for concrete achievements', but rather for his 'guarantee of overall political predictability'.<sup>23</sup> It is likely that if Russia's economy is in bad trouble, only then may Putin's political position be affected. His popularity, according to Trenin, does not really depend that much on his foreign policies, but more on the skill of implementing economic reforms and making people's lives better.<sup>24</sup> Putin's very strong domestic position allowed him far greater flexibility to develop substantial relations with the West.

What is the clue to Putin's popularity? First, among his appealing features is that he is seen as a president of stability: revolution is over. This is the direct result of Russia's economic growth over the past six years. Moreover, Western support for Putin has generated expectations among the public that, in the long run, Putin's decisions will advance Russia's international integration and economic development. Second, democratic changes under Yeltsin did not bring any substantial benefits for ordinary Russians. Meanwhile Putin is perceived by the public as fulfilling his duties in a 'predictable and dignified way', which Yeltsin did not.<sup>25</sup> That is why people prefer to have a reliable, albeit less democratic, president. Third, unlike his predecessor, Putin is not perceived by the nation as someone responsible for the collapse of the Soviet Union, and this enables him to act very pragmatically in the post-Soviet space.<sup>26</sup>

However, Putin's strategy of building a strong and effective state focused primarily on eliminating checks and balances on presidential power, but not on strengthening the effectiveness of state institutions. Putin wrongly equated democracy with weakness and centralized authority with powerful rule. He has undermined every independent source of political power. First of all, the State Duma and the Federation Council have been



stripped of the influence they held previously. The Duma now largely acts as an extension of the executive branch. The Federation Council, composed of appointed senators, appears to be another rubber-stamp machine. The separation of powers in these conditions becomes more a slogan than a reality. The parliamentary and presidential elections of 2003-2004 were marked by excessive use of so-called 'administrative resources'. The direct Kremlin's intervention in the December 2003 elections to the State Duma influenced the outcome of voting, which contributed to the elimination of oppositional political parties from the parliament. The final outcome was indeed the creation of a one-party state: wiping out the two small liberal parties ('Yabloko' and the 'Union of Right Forces') and filling the Duma with 'grey Kremlin yes-men' (the dominant force being the pro-Kremlin party 'United Russia').<sup>27</sup> Shevtsova argues that the December 2003 parliamentary elections were a watershed, symbolising the end of the Yeltsin era and the shaping of the new political regime. Politics and power started to acquire a new quality – 'elective autocracy gave a way to a bureaucratic-authoritarian regime'<sup>28</sup> or 'managed democracy'. The latter could be defined as 'a system that combines authoritarian and democratic tendencies and guides them from above without any need to account for executive actions to anyone'.<sup>29</sup>

Second, Putin has used economic leverage to shut down critical media and to scare off potential political rivals. Building a media-based power vertical is over: the media, especially leading television channels, have come under strong government controls, and by mid-2004, almost all political TV programmes had been closed down. Third, there have also been cases of using judicial law enforcement organs to pursue political ends, including selective prosecution of oligarchs and media outlets critical to the government. Fourth, Putin has installed agents of Federal Security Service (FSB)<sup>30</sup> and military officers in all the key nodes of the state bureaucracy. To quote Professor Stephen Blank, 'Russia remains a government of men, not laws'.<sup>31</sup>

A major reshuffle of the Cabinet just before the March 2004 presidential elections replaced the last holdouts from the Yeltsin 'family' with figures personally loyal to Putin, thereby ensuring his pre-eminence in all areas of day-to-day policy making. The presidential elections, in which Putin received more than 70 percent of the vote after all serious competitors gradually dropped out of the race, further consolidated his hold on the reins of power. But the culmination of Putin's centralisation of power happened in the wake of the Beslan tragedy. His proposed sweeping changes in Russian system of governance were justified by citing a 'state of war' against international terrorists bent on destroying Russia. Paradoxically, he placed stress not on new security measures but on a wide range of reforms of Russia's political system, which aimed, in his words, to strengthen the unity of the country in the face of the threat. In reality, this reform has had no relation to the fight against terrorism; it was merely a logical conclusion of the 'power vertical', which Putin has pursued ever since taking office on 31 December 1999.



## 3.2. Characteristics of the Putin regime

### 3.2.1. Status of democracy in Russia

Many thought a decade ago that Russia had irreversibly crossed the boundary separating dictatorship from democracy. Yet now one can see discouraging evidence of an authoritarian revival that places Russia back in the grey zone between these two political regimes. Has Russia ever been a democracy?

Identifying an erosion of democratic practices implies that some form of democracy existed in Russia in the first place. It is clear that Russia has never been a liberal democracy. Whatever Russia had under Yeltsin definitely was not democracy but was more pluralism and freedom; 'democracy means institutionalisation of freedom'.<sup>32</sup> Russians appear to have achieved, as Sir Rodric Braithwaite, the former UK ambassador to Russia, put it, a 'real taste of the most basic rudiment of democracy': free, albeit by no means fair, elections.<sup>33</sup> It is worth noting that the formal institutions of the democratic regime appeared in Russia just before the collapse of the Soviet Union but the negative trends, which emerged in the mid-1990s, have accelerated during the Putin era. Russia underwent a transition from communist rule to some form of democratic rule in the 1990s. Democratisation did occur. Electoral democracy did emerge. On the other hand, elections have never been free and fair because the information system has been tightly controlled by the state and there has been a major interference in electoral process. In this sense, even elections can hardly be called democratic.<sup>34</sup>

According to Joseph Schumpeter, democracy is the 'institutional arrangement for arriving at political decisions, in which individuals acquire the power to decide by means of a competitive struggle.'<sup>35</sup> Elections are a necessary but insufficient condition for democracy. The key indicator of democracy is the principle of separation of powers. In the Yeltsin era, some signs of the separation of powers started to appear: the State Duma became relatively independent, a kind of political opposition to the president. During Putin's rule, every effort has been made to incorporate the parliament into a single pyramid of political power. It could be said that since 2000 the Duma has evolved 'from the body of power to the power body' – a supporter for the ruling elite in ideological and intellectual sense.<sup>36</sup> In fact, under Putin, the Duma has never had actual leverage on decision-making. Furthermore, while some formal institutions in Russia seem to be stable, their democratic content has eroded. Larry Diamond refers to this condition of many new electoral democracies (i.e. when states manage to meet the minimum criteria of electoral democracy but fail to consolidate the institutions of liberal democracy) as the 'twilight zone' without legitimisation and institutionalisation.<sup>37</sup> In Russia, this has mostly occurred within the Duma and the government, which, being weak from the very start, became even weaker during the late 1990s, and especially during the Putin era. As far as electoral democracy is concerned, the parliamentary and presidential election cycle in 2003-2004 was, to borrow Andrew Kuchin's phrase, 'a textbook case of a managed democratic *spetsoperatsiya*' (special operation).<sup>38</sup>

On top of these anti-democratic trends came Putin's post-Beslan reform, which violated three constitutional principles at once: the principle of federalism, the principle of



democracy and the principle of a rule-of-law state.<sup>39</sup> First, governors of federal regions are no longer elected; they are nominated by the president and endorsed by regional legislators. This violates the principle of federalism as an element of territorial democracy, calling into question the federal nature of the Russian Federation itself. Second, single mandate districts, which currently comprise half of the Duma, are going to be eliminated and all deputies elected on the basis of authorised party lists. Although justified as being aimed at strengthening political parties in Russia, this initiative, in fact, seeks to remove oppositional parties from the legislature and radically changes participatory governance. Both initiatives significantly undermine the principle of democracy, as they deprive citizens of their right to elect regional authorities and candidates in one-seat constituencies. Third, there is an obvious violation of the principle of the rule of law because these initiatives run counter to the spirit and letter of the Constitution.

In addition to this, a part of the post-Beslan reform was the establishment of the Public Chamber, in effect a shadow parliament composed entirely of Putin's appointees and empowered to propose constitutional changes.<sup>40</sup> Indeed, albeit a consultative body, the Public Chamber represents a calculated move to diminish the role of Duma and strengthen the Kremlin's centralisation of power. In its current form the chamber represents a strange mix of NGOs and its functions are far from clear.

Under the cover of the increased threat of terrorism, the profile of Russian special services and other power structures in exercising domestic politics and giving them full control of all the societal, political and economic processes has immensely increased. This is particularly visible in the economic sphere: Putin's entourage has direct power over the state's biggest monopolies, main oil and gas pipelines, military-industrial complex and other strategic objects. A matter of concern is the National Committee on the Fight with Terrorism established in February 2006 under the FSB lead. In terms of its structure and authority, the Committee pretty much resembles the system that existed in the USSR; it will be entitled to supervise and intervene into the activities of regional and local self-government institutions.

All these developments and the closing down of independent media but demonstrate regression of Russia's democratic status. In the view of Oksana Antonenko, Director of the Russia and Eurasia program of the London-based International Institute of Strategic Studies, Russia could not, according to the way her society is structured, and the way her history has been developed, create a democratic system even within 10-20 years. This is simply because the Russian system 'has never, since Ivan the Terrible unified Russian lands, been democratic at its core'. No single Russian historic figure nourished any democratic traditions or democratic values.<sup>41</sup> Therefore whereas some pockets of civil society have tried to resist authoritarian creep, the vast majority of Russian society has demonstrated little interest in Putin's antidemocratic reforms.<sup>42</sup> In Antonenko's view, Russians are much more used to the fact that the state runs their affairs, and it will take a long time until the mentality of society changes and democracy really starts developing from the bottom up.

However, polling in Russia shows very clearly that the majority of Russians support democracy *per se*. As Michael McFaul, Associate Professor of political science of



Stanford University, put it, it is a 'convenient myth for the Kremlin to pretend that they do not', only right now Russian people are not willing to fight for their democratic rights: they are too tired of revolution, they are so disappointed in how it ended in the 1990s.<sup>43</sup> The factor of terrorist threat also plays a role here: people tend to sacrifice some civil rights and liberties in order to have more security and stability within the state. This explains the big public approval for a 'strong hand' policy in Russia. There is no doubt that popular revolutions in neighbouring states, particularly Ukraine, are having a profound impact on the Russian population but it remains unlikely that any 'colour revolution' could take hold in Russia due to Putin's overall popularity, continuing economic growth and increased control by security and police forces over political movements across the country.

Nearly all mature democracies are based on a strong opposition and a large and enfranchised middle class that has rights and stakes it will defend against other entities. In Russia both these features are under-developed. Political opposition remains weak and divided. The current Russian socio-economic structure does not provide a solid foundation for the growth of the middle class. Civil society remains weak and does not have multiple channels for representation of its interests. NGOs were the last sector of civil society still not fully controlled by the authorities. But the Kremlin would like to get NGOs under its thumb, too. Initially, the authorities apparently hoped, by applying financial pressure, to divide NGOs into good, pro-state ones and bad, more oppositional ones.<sup>44</sup> In November 2005 the Kremlin inspired law to recast legislation on foreign NGOs operating in Russia to place them under the same legal and financial restrictions as domestic NGOs. In other words, they would no longer be able to operate through branch offices but would have to register as a specific form of Russian legal entity, imposing requirements such as the need for Russian membership that many would struggle to meet.<sup>45</sup> In effect, it would mean a ban on many foreign NGOs. The proposed restrictions on NGOs have provoked so much concern domestically and internationally, and legal experts say the measures contravene international human rights treaties. The Kremlin is determined to maintain the political status and pre-empt 'colour revolutions' supported by outside assistance of foreign-funded NGOs, which spearheaded popular protests that overthrew governments in Georgia, Ukraine and Kyrgyzstan.

To sum up, what is the nature of the new system established under Putin? Is it democracy characterised by adjectives, such as 'managed', 'electoral' or 'special'? Or is the system simply that of a conniving authoritarian? Above all, in Russia the meaning of 'democracy' depends on who defines it. Putin's advisers used to have a term for the transformation of democratic practices without altering formal democratic rules – 'managed democracy'. Recently the Kremlin administration has introduced new terms – 'special' democracy and 'sovereign' democracy, roughly translatable 'we will do it our way'.<sup>46</sup> When assessing Russian democracy and its prospects, the real question is: compared with what? Compared with Western democracies today, Russian democracy has a long way to go. Compared with its own past of Soviet Communism or tsarist absolutism, the current system is vastly more democratic, albeit it lags behind the progress made during the Yeltsin regime.

So far Russia succeeded in building some kind of electoral democracy, but not the one in which the rule of law and freedom of expression were deeply established. The



absence of a normal pluralistic election process undermines the legitimacy of the state authorities. It is obvious that Russia is increasingly becoming an autocratic state. The tragedy in North Ossetia has become a kind of milestone dividing Putin's rule into 'pre-Beslan' and 'post-Beslan' periods.<sup>47</sup> Putin's post-Beslan reform showed his determination to destroy the last vestiges of freedom of the Yeltsin era; even elections - the only remaining democratic element of the regime is likely to disappear. 'Russia has gone from partly free to non-free', as McFaul put it.<sup>48</sup> According to many experts, Putin's Russia is seeing the emergence of modern authoritarianism, which is a sort of a hybrid, involving both authoritarianism from the old school and certain elements of democracy.<sup>49</sup>

### *3.2.2. Regime's intrinsic features and shortfalls*

Russia's domestic politics under Putin is being shaped largely by the components of a social and political trend, which, along with the country's best economic growth since early 1990s, is responsible for most of President Putin's popularity. This trend, well familiar from the histories of other great revolutions, is a 'post-revolutionary "stabilization" attendant with a conservative or even reactionary retrenchment', and a drift to the core of the national political and cultural tradition.<sup>50</sup> The phenomenon consists of two occasionally overlapping but distinct components. The first part is formerly dominant pre-revolutionary political and economic elites that seek to stage a comeback, to regain their power and possessions. These include the secret police (KGB/FSB), law enforcement functionaries, and the federal bureaucracy, i.e. the groups that effectively owned Soviet Russia's politics and economy. The other part of the 'stabilization', well established by many polls and the parliamentary and presidential elections in 2003-2004, is an intense and widespread longing for predictability, security, and continuity after a decade of political and economic revolutions.<sup>51</sup>

As in all previous post-revolutionary restorations, there is a shift in popular sentiment from a near total negation of and shame for the old regime, to the desire for a partial recovery of traditional policies, institutions, and symbols. Unlike the radical liberal intelligentsia, 'a plurality of Russians over forty years old is not ready to dismiss the entire Soviet past'.<sup>52</sup> While condemning the crimes of Stalinism and the repression and corruption of the Brezhnev era, they continue to take pride in the Soviet Union's role in defeating the Nazis, in its nuclear parity with the United States, and the pioneering achievements in space. It is to his remarkable 'fit' into what amounts to a new national consensus that Vladimir Putin owns a great deal of his extraordinary popularity. Instinctively, or by design (or, likely, both), he has come to embody and symbolize to millions of Russians a unifying synthesis, a still 'very precarious balance between the old and the new'.<sup>53</sup> Following this logic, in the remaining time of Putin's second presidency, Russia's foreign and security affairs should be determined largely by the interplay of three sometimes overlapping but distinct and occasionally clashing factors: the bureaucratic reactionary 'restoration', a new national consensus on 'stability', and the President's interpretation of and mediation between them.

It should be noted that within his first term Putin succeeded in bringing the country out of the revolutionary cycle that was artificially maintained by Yeltsin and in stabilising Russian society. But this stabilisation occurred not as a result of strengthening the state



as the totality of political institutions, horizontal networking and the expanding political government, but rather through increasing the power and 'personalised character of the presidency'.<sup>54</sup> This means a replay of Soviet times. And this logic is inbuilt in Putinesque concepts such as 'dictatorship of law', 'power vertical' and 'managed democracy'.

Having considerably undermined the parliament and the cabinet, which had enjoyed limited power under Yeltsin, Putin's regime relies instead on the federal bureaucracy with the support of the power structures - the army, the Ministry of Interior, the Office of the Prosecutor General, the security services or *siloviki*. This is a tremendous force, which decides who will win elections and who gets to keep their money. It determines the direction in which society is developing.

The Kremlin team apparently believed that through building a pyramidal state they would revitalise Russia. What they actually achieved was the strengthening of the elements of the 'Russian System'<sup>55</sup> based on highly personalised power that had begun fading under Yeltsin. Moreover, the centralisation of power through the vertical chain of authority has led to the weakening of the still immature system of local self-government. Above all, despite abandoning the most conspicuous elements of Yeltsin's 'elected monarchy', the nature of Putin's political regime has remained the same. It fits within the framework of the 'Russian System': a personal ruling style, the concentration of power in the hands of an unaccountable president, and a weak role of other institutions.<sup>56</sup>

All in all, the new assertiveness of the regime has not produced a more effective state, but a weak, corrupt and unaccountable regime: 'authoritarianism without authority', as Michael McFaul put it.<sup>57</sup> Such a regime could not be consolidated; that is why this 'outward stability was deceptive, hiding underneath incompatible trends and permanent conflicts'.<sup>58</sup> This forced the leader to constantly monitor the political scene, leaving him no time to think on a strategic level. These are the limits of power of the 'power vertical'. Therefore it is more accurate to say that there is a strong presidential power in Russia but there is not a strong 'power vertical'.<sup>59</sup> The state apparatus' inability to respond to the growing frequency and brutality of terrorist acts and even to learn lessons from its own mistakes has proved this.

Over the last four years, Putin's advisers have explained the rollback of democratic practices as 'part of a trade - less freedom for more security'.<sup>60</sup> But Putin has not delivered on his part of this deal, as Russians now have less freedom but no more security. There is a big gap in Russia between intentions and plans and their implementation. The current elite is able neither to fight terrorism nor to implement reforms. The post-Beslan reform has further enhanced state control, which, in turn, increases breeding grounds for corruption, i.e. decreases the state's capacity.

### 3.2.3. *Ruling elite*

There are three competing Russian power groupings within the ruling elite. None of them makes a reliable base for Putin, therefore he has been trying to strike a balance between them. The first group, consisting of businessmen, is not homogeneous. Within



this group oligarchs currently dominate. Some of them are part of the official Russian Union of Entrepreneurs and Industrialists (e.g. the former oil tycoon Khodorkovsky), others have developed clan-like connections, largely it related with the Yeltsin-era 'family' (e.g. a former Head of the Presidential Administration, Alexander Voloshin, and a former Prime Minister, Mikhail Kasyanov). The second faction is the so-called St. Petersburg group (or economic liberals) – Putin's colleagues from his hometown<sup>61</sup>, including a few powerful regional governors, as well as liberals put in charge of key economic posts. The third group comprises the *chekisty* - Putin's former colleagues from the FSB and other intelligence and security organs and the *siloviki* at large. This is a political grouping with its roots in the security services and related structures, led by officials in the presidential administration. *Chekisty* and *siloviki* tend to value ideology and loyalty over rights and liberties. They had been largely under-represented in Yeltsin's apparatus, and their influx into positions of political influence (key posts in the government, presidential representatives in the federal districts, governors), as well as in state-run companies, constitutes a major departure from Yeltsin's times. The *siloviki*, albeit not acting in close concert, generally favour a strong central state, crackdowns on oligarchs, more assertive policy in the CIS, and oppose foreign investment in strategic sectors such as oil and gas.<sup>62</sup> As a group, to quote sociologist Olga Kryshтанovskaya, the *siloviki* are 'the part of society that lost out the most from democratisation'<sup>63</sup>. Since they were privileged in Soviet times and were above the law, they want to return to 'fairness', which in their eyes means a strong state that gives them these privileges.

These three groupings were responsible for designing the political structure of Putin's first presidency with the system of checks and balances. But the conflict of interests between the three was never resolved, and after three years of endless behind-the-scenes fighting this conflict exploded into a very public political crisis that has ended with a resounding victory for the *siloviki*. The Yukos affair<sup>64</sup> has been the turning point. By attacking Khodorkovsky, Putin has signalled that the *siloviki* are really in control. Their tough stance answers to the widespread, popular Russian call for 'order' after the 1990s 'wild West' and the anger felt by millions of poor Russians against oligarchs. On the other hand, the role of the *siloviki* should not be exaggerated. They have not coalesced into a coherent group and consolidated their authority – at least so far. They lack a leader, have no agenda, and failed to seize the power during Putin's first term.<sup>65</sup> The biggest concern about the *siloviki* is that they are now as powerful and unaccountable as in Soviet days.

Modernization of the state is the motto of Putin's second term. Putin was likely to come up with a new system of checks and balances. By appointing Mikhail Fradkov, 'a technocrat with no political power or ambition' as a Prime Minister, Putin has signalled that he intends to exercise full control over the government.<sup>66</sup> Upon curtailing influence of oligarchs and removing all of Yeltsin's 'family' from his circle (Voloshin and Kasyanov were the last two to fall), for Putin remained to maintain a delicate balance of power between economic liberals and conservative *siloviki*. It seemed that this balance would be stabilised through the allocation of domestic economic influence to the liberals, and foreign and security policy influence to the *siloviki*.<sup>67</sup> However, the latest development trends show that it is the *siloviki* who are prevailing over the St Petersburg economic liberals in every aspect of the state's life.



### 3.3. Economic and social situation

The main 'achievement' under Yeltsin was oligarchic capitalism, as it is referred to in Russia. Russian capitalism, comparable to the type of capitalism in Indonesia under Sukarno, was the worst in the world. Liberalisation of the economy, which started in 1992 and was accompanied by hyperinflation and corruption, brought social security close to collapse. But it should be noted that many things in Russia, such as health service or education system, are not the products of reforms. The Soviet economy began to fall apart in the 1960s when it stopped delivering high-tech material to civilian economy.<sup>68</sup>

After the collapse of the USSR, Russia's GDP shrank by a figure greater than her economic losses during the Second World War. As of 2001, its share of the world's GDP was only 3 percent.<sup>69</sup> The gap between a small group of people, increasing their wealth by various business practices, and a huge number of 'ordinary' people was growing. The country was sliding into the Latin American development model. On the whole, Russian economy has fallen by 60 percent in the last 15 years.<sup>70</sup> Russia is now an exporter of raw materials rather than an industrial giant.

Organised crime and corruption - the fifth power in Russia - manifest themselves through illegal markets coupled with a power vacuum – abdication of power by the state, and excessive bureaucratic power; all these features are netted together very tightly.<sup>71</sup> In the last decade, criminals have penetrated major branches of the economy, as well as the political establishment, entering politics at both regional and national levels, let alone crime and corruption in the armed forces, security forces and military-industrial complex.<sup>72</sup> There are about 10,000 organised crime groups that, having divided the country into various territories, take 'protection' money from state and private enterprises and from foreign businesses.<sup>73</sup> According to Transparency International, in 2004, Russia came 86<sup>th</sup> in the list of 133 most corrupt countries. Corruption is estimated at approximately 10-12 percent of GDP.<sup>74</sup> Due to the pervasiveness of corruption, punishment becomes a deficit commodity, applied on the basis of extra-legal criteria. A Yuri Levada poll showed that 93 percent of the Russian public believe law enforcement is selective.<sup>75</sup> Therefore reforms in the public sector and administrative reform are vital to curb these processes, which are the main obstacle for economic transformation in Russia.

An alarming aspect is in the area of living standards, high unemployment, declining health and shrinking life expectancy, often a key indicator of where countries are. Life expectancy has declined for men by more than eight years over the last ten – the largest decline in life expectancy among a significant population in peacetime ever recorded.<sup>76</sup> In his State of the Nation speech on 26 May 2004, Putin stated that about 30 million of Russia's 144 million people live below the poverty line.<sup>77</sup> Emigration policy as such was non-existent until recent years. All these things are directly related to the demographic situation in Russia, which can only be described as catastrophic. During the last years, the country's population has been shrinking by almost 1 million people per year. A decline of comparable rates was recorded only during the world wars, repression or the famine of the 1930s. According to official data, Russia's population stopped growing since 1992 and fell by 4 million within a decade, making 143 million



in 2006.<sup>78</sup> And this is despite the fact that migration from Russia has decreased during recent years. In short, one could talk about an alarming trend of depopulation in Russia: her population is shrinking about 2000 people a day. Increasing drug use, growing incidence of AIDS, tuberculosis and other diseases, as well as people trafficking and slavery, contribute to this figure.<sup>79</sup> Moreover, the population is aging, and more and more vast empty territories are appearing in Siberia, which are being increasingly occupied by the Chinese. If the same tendency continues, Russia will have only 102 million inhabitants by 2050.<sup>80</sup>

Demographic decline has strategic implications for the state. When taking population size as one of the determinants of state power, then the protection and sustainability of the population is a litmus test for the effectiveness of the state. Russia's demographic situation indicates that she will have to adjust her foreign and security policy ambitions of being a 'great power' and refocus on domestic policy and the attendant consequences of population implosion – not least health care reform, pensions, internal migration and the expected ethnic, religious and societal security dilemmas.<sup>81</sup>

On the whole, the ailing infrastructure, failing social system, catastrophic demographic situation, and such other problems, all contribute to what is a systemic crisis. Russia's economic power does not amount even to that of a middle-sized country. Meanwhile in contemporary world economic strength is the basis of influence of great powers. Since the start of his presidency Putin has put economic reform at the centre of his domestic agenda. By this he sought to strengthen Russia and establish her independence in foreign policy through economic growth and modernisation.

The nature of economic reform in Russia demonstrated that the restructuring was implemented first of all in the interest of federal bureaucracy and raw materials sector. Putin also preferred not to provoke powerful interest groups that could have felt endangered by the proposed reform. At the same time, he was using the period of relatively prosperous economic growth to implement a move towards more government control over the profitable strategic sectors of Russia's economy – mostly energy and some other raw material exports, and defence. The economic breakthrough of 2001 so far has proved that the Kremlin supports the pattern of 'state capitalism with a strong role for the executive', albeit more a pragmatic one than in Yeltsin's oligarchic capitalism.<sup>82</sup> Moscow has feared that without more direct economic control it will lose the ability to influence economic developments to serve its geo-strategic goals. President Putin's concept of 'state capitalism' has grown directly from this line of thought.

Russia is the leading country in the world in terms of her huge natural resources, including vast oil and gas reserves. With few structural reforms or investment in non-energy sectors of economy like technology or manufacturing, Russia is essentially a 'petro-state'. The backbone of her integration into the world economy, as Peter Rutland precisely put it, is the pipe (*truba*).<sup>83</sup> Despite the gradual diversification of Russia's economy, the raw materials orientation created a lopsided economy heavily dependent on exports of oil and gas. Russia remains essentially a resource-exporting economy: energy accounted for roughly 50 percent of Russia's total export earnings and government revenues in 2003.<sup>84</sup> In 1999-2004, Russian oil made up 48 percent of global



oil supply.<sup>85</sup> Just a 1 USD rise in the oil prices on the global market would mean 1.5 bn USD in the Russian state budget revenues, while a decline would produce a reverse effect.<sup>86</sup>

So far economic stability in Putin's Russia has come from three bases of support: the fuel and raw materials sector, the activity of major financial-industrial groups and modernisation 'from above' with the use of authoritarian methods.<sup>87</sup> Retaining these bases of support deprived the economy of positive impulses and threatened to keep it lagging behind the post-industrial nations. Modernisation 'from above' was an obstacle to private initiative and free enterprise.

The proposed goal of doubling Russia's GDP by 2010 is unattainable unless efficient anti-corruption measures are implemented alongside reforms aimed at reinforcing human capital and strengthening institutional capacity.<sup>88</sup> Russia's good record of economic growth in recent years is largely related to the high world prices of oil and Russia's growing oil production.<sup>89</sup> As a result of economic growth, Russian foreign debt decreased from 140 percent of GDP in 1998 to 35 percent of GDP in 2003.<sup>90</sup> Not surprisingly, the Yukos affair had a negative impact on the overall economic situation, which was reflected in increased capital flight. According to the estimate of the Central Bank, legal capital flight had more than tripled (to nearly USD 8 bn.) over 2004, whilst illegal capital had increased 50 percent.<sup>91</sup> In 2005, in the aftermath of *Yukos* dismemberment, capital flight returned to the highs seen in the 1990s – and this at a time of rapid growth and high oil prices.<sup>92</sup>

Major obstacles to Russia's economic recovery are fundamental structural barriers: the perennial lack of separation between political and economic, public and private spheres, resulting in the merger between business and power, and in corruption (more on Russia's economic reform see Appendix A). Putin attempts to reinforce the 'power vertical' in order to strengthen the economy but authoritarian measures are hardly compatible with liberal economic models. Prosperity and freedom tend to go together because democracies have strong guarantees for these things. Economically successful authoritarian states (e.g. China) have generally provided similar guarantees not through democracy, but through well-run legal systems, an efficient bureaucracy and clear legislation. Russia has a corrupt legal system and largely an incompetent bureaucracy. The Kremlin has introduced a 'dictatorship of law' rather than the 'rule of law', whereby legal measures are instrumental in promoting a particular political agenda. Putin's plan to break the economy's excessive dependence on natural resources depends on fixing these failings.

Finally, there is a close link between the economic and political system of any country. Russia's economic growth so far went in parallel with democratic regression, manifesting itself primarily by weakening democratic institutions. And while a 'petro-economy' can certainly be combined with a semi-authoritarian political system, the development of a broadly based, modern and competitive economy hardly can. The key to economic reform lay therefore not only in overcoming economic obstacles but radically changing the nature of the political regime. Although during the first Putin's term both the economic structure and the political regime pushed Russia towards stabilisation, the structural transition remained incomplete and many former



mechanisms were preserved. To borrow Shevtsova's phrase, 'this "stabilisation of incompleteness" indeed resembled Yeltsin's "unstable stability"'.<sup>93</sup>

Putin's increasingly authoritarian rule has had its negative impact on the economic reform. A worrying trend is that Russia is moving towards a model of state-controlled 'champion' companies in sectors that are growing or where Russia has a competitive advantage, with a state-directed policy for each sector. Russia is likely to have not exactly the traditional state capitalism, but state capitalism with huge corporate concentration, similarly to Mussolini's Italy of the 1920s. It will encourage foreign companies to take minority stakes to import technology and expertise.<sup>94</sup> What is more, the increasing fusion between the bureaucracy and the big business, Kremlin's destruction of Yukos through decidedly non-market methods, the role of state-controlled Gazprom in this process, and the growing fusion of the *siloviki* with the management of Russia's energy companies is a trend to use such companies as state foreign policy instruments.<sup>95</sup>

### 3.4. State control of the energy sector

Since the collapse of the Soviet Union, when Russia lost political-military influence in international affairs, her major leverage became energy resources. In today's modern industrial societies energy resources are seen increasingly as a source of political and economic power. For Russia, which ranks second in the world to Saudi Arabia in oil production and exports, enormous energy resources play a crucial role in ensuring her regional pre-eminence and consolidating her importance as a European and world power. Thus, it is not surprising that Russia has now shifted to using the energy sector and energy companies as a strategic foreign policy instrument. Against the backdrop of high crude oil prices, rising world demand and instability in the Middle East and other oil producing regions, Russia has become an increasingly important player on the world energy markets. The main goal and priority of the Putin administration's energy strategy until 2020 is to use Russia's substantial energy resources as a base for expanding Russian political power. The government's white paper on the subject of energy recognises that the country's geopolitical influence will depend on her strong position in world energy markets.<sup>96</sup>

There is a strong Russian effort to consolidate state control over the energy sector seeking to neutralise Western influence and to pursue the expansion of energy companies outside Russia, first of all in Central and Eastern Europe (CEE). Moscow regards energy as a natural monopoly to be kept under state control. To fulfil this ambition, as well as the desire to integrate the energy infrastructure with at least the FSU countries, Russia primarily works through three state monopolies: *Gazprom*, *Transneft* and *Inter RAOJES Rossii* (Unified Energy Systems). *Gazprom*, the world's largest natural gas producer, a joint stock company with foreign participation but under state control, has almost total control over natural gas transport within and out of Russia and controls most gas production. A state-owned oil company *Transneft*, holding a virtual monopoly over the pipeline network from Russia, is known to be extremely inefficient.<sup>97</sup> In 2004, the Russian government announced plans for a merger between *Gazprom* and another state-owned oil company *Rosneft*, creating one of the largest



energy companies in the world. *Inter RAOJES*, a vertically and horizontally integrated natural monopoly in Russia's electricity, dominates Russia's electricity sector and is also active within several FSU countries.

State-owned monopolies (*Gazprom*, *Rosneft*, *Transneft*) and private firms loyal to the Kremlin (*Lukoil*, *Surgutneftgaz*) have been granted export advantages over firms resisting Kremlin goals (*Yukos*, *Sibneft*, *TNK-BP*). Moscow, through issuing (or withholding) licenses to extract resources, maintains direct control of oil and gas production – giving the Kremlin a powerful ‘carrot and stick’ to influence a company's behaviour. Moreover, state control of all Russian export pipelines (via *Transneft* and *Gazprom*) can be used to further punish or reward firms. State-controlled energy companies are also being put under the personal authority of representatives of the state appointed to the boards of directors in capacities of chairmen or members. Since these representatives are generally Putin's men and come from the presidential administration, it is obvious that not only state control but equally direct presidential control over these companies is being strengthened. It could be said that currently the Kremlin is already able to control directly all the biggest national natural monopolies and the basic oil and gas pipelines.<sup>98</sup>

Most Russian commercial companies often resent an exclusive role played by the monopolistic *Gazprom* and *Rosneft*, since they find that their ability to export is dependent on the pipeline operators willingness to move their product.<sup>99</sup> But there are no signs of offering commercial companies rights to develop private pipelines for the export of oil. The shortage of pipeline capacity creates major hold-ups for Russian exports.

To further ensure continued state control, Moscow has introduced a number of means to limit foreign participation in the sectors of strategic importance, i.e. those which ‘ensure the security of the state, objects of infrastructure, defence suppliers, natural monopolies, and development of resources of strategic importance’.<sup>100</sup> In 2005, the Russian Energy Ministry banned foreign companies that hold a controlling share, including the Russo-British joint venture *TNK-BP* (in which BP holds 50 percent of the equity), from entering auctions on a number of Russia's largest oil fields of strategic importance.<sup>101</sup> However, the Russian energy sector badly needs more foreign investment to begin exploration of new oil and gas deposits; otherwise Russia may face a major economic crisis as her current deposits starts to decline. Russian gas production is already falling, and Russian gas imports now depend on gas imports from Turkmenistan to fulfil her domestic and export commitments.<sup>102</sup>

Maintaining a sustained Russia's economic growth will require strong export growth, which means the export of natural resources and, in particular, hydrocarbons. In the recent years, Russian GDP growth has been primarily driven by oil, and in particular due to efficient performance of the major private oil companies, such as *Yukos*, *Sibneft* and *TNK-BP*. Another important trend: despite the rising oil prices, Russia has in recent years seen a decrease in total growth. In addition, labour productivity has decreased in gas industry and, to a lesser extent, in electricity production. Russian state-owned oil companies have done far less well to compare with the private ones.<sup>103</sup> Thus, the state-



controlled monopolies are not contributing to economic growth, which prompts for a substantial Russian energy sector reform.

### 3.5. Bargaining with oligarchs: the Yukos affair

When President Putin inherited power in Russia political and economic trends were eroding the country's international influence: poorly implemented privatisation, growing power of oligarchs, who seized large chunks of the state's economy in the 1990s, and capital flight were pushing Russia to the world's economic periphery. Direct Kremlin's control over some of Russia's most lucrative economic sectors was threatened by oligarchs and foreign ownership, and Moscow realised that without more control over certain key sectors, its ability to use economic dependencies for political leverage would be frustrated. Basically most of the economic assets available in the country have been privatised among a handful of spectacularly wealthy tycoons, particularly the 'family', who had seemed to dominate Russian politics during the late 1990s. During the Yeltsin era, the oligarchs constructed lobbying networks that reached into virtually every state institution, from the Kremlin, the Duma and the federal ministries down to regional and local bureaucracies. It was this penetration of state structures at all levels that enabled the oligarchs to thwart the adoption, or at least the implementation, of unwelcome policy initiatives and prompted many observers to speak of their privatisation of the state.

Tackling the oligarchs was altogether a more difficult business. When taking office one of Putin's key declared goals was to break the power of the oligarchs, to eliminate them as a class and to hold all businessmen at an equal distance.<sup>104</sup> Putin's background as an outsider from St. Petersburg, plus his tough reputation as a former KGB officer, led many Russians to hope that the new president would follow such promises. However, Putin recognised that he had to proceed with caution. A frontal assault on the oligarchs as a group would have led to falling tax revenues and rising capital flight, putting at risk both the economic recovery that was getting under way and Putin's own consolidation of power.<sup>105</sup>

Putin realised that if he had confiscated all assets from oligarchs he would have gained a large portion of the economy illegally. Then his policy aimed at attracting foreign investment and integration with the West would be severely damaged.<sup>106</sup> Thus, he could not choose that option. The second option was to completely legitimise those deals and try to run Russian economy in a more open and transparent way. This would create conditions for foreign investment to come and gradually, over the time, water down the power of oligarchy groups. This scenario did not suit Putin either because it implied that the role of the state would be diminished: if there is a transparent and open economy, the state can no longer control the economic sphere to the same extent.<sup>107</sup>

Putin came up with the third option. He sought, in the interests of stability, to tame rather than exterminate oligarchs, redefining and institutionalising their relationship with the state. Putin decided not to expropriate their capital but to legitimise it by his *de facto* personal deal with them. Thus, after a very brief period of harsh rhetoric about 'law and order' the Kremlin was forced to find a compromise with the oligarchs,



regional bosses and certain support groups. This was the kind of bargaining and 'political barter' typical of the Yeltsin years.<sup>108</sup> This deal did not have any legal basis because it rested on the mutual promise that President Putin and the oligarchs gave to each other. The essence of this bargain was clear and fairly pragmatic exchange of political restraint for secure property rights. The Kremlin let the oligarchs enjoy a few freedoms to pursue their own economic agendas and continue to increase their businesses provided they did not meddle in politics. For some time, this appeared to form the basis for a mutually acceptable *modus vivendi* between the new president and big business. Oligarchs have learned that while monopolistic practices are still tolerated, political disloyalty is not.

However, in 2003 the cease-fire was broken when Russia's biggest oil magnate, the chairman of the Russian oil giant *Yukos*, Mikhail Khodorkovsky, stepped over that informal agreement. From Putin's perspective, it was very important to penalise him openly and show other oligarchs that this informal mechanism was very firm.<sup>109</sup> As Alexei Kudrin, the Finance Minister, put it, the *Yukos* affair was 'inevitable ... in the sense of a clarification of the rules of the game'.<sup>110</sup> Many of the charges involved (fraud, tax evasion and embezzlement) were probably true, but there was no doubt that *Yukos* was the victim of politically motivated and highly selective law enforcement. Initially, perhaps, the aim of the assault on *Yukos* was to discipline Khodorkovsky for his political ambitions or to destroy him as a political force, but as the campaign unfolded, it became clear that Khodorkovsky's destruction was a means to a larger end - the re-definition of the Kremlin's relationship with big business.

In Antonenko's view, the *Yukos* affair has many dimensions. First of all, it has a political aspect: Khodorkovsky tried very openly to challenge the power authorities and Putin's agenda. Putin's overall domestic policy is oriented towards suppressing pluralism and having full control over the entire political spectrum: from left to right. Khodorkovsky was trying to challenge the system and this triggered crisis.<sup>111</sup> Secondly, there is the obvious economic-strategic dimension: the takeover of the energy sector by the state. At the time *Yukos* tried to sell a lot of its shares to a foreign company so that for the first time Russia's control over strategic assets, that is energy, would be given to a foreign investor.<sup>112</sup> Logically, the Putin administration is not interested in losing energy leverage and allowing any foreign company to have control over the state's strategic assets.<sup>113</sup> Finally, the authority of Khodorkovsky, who demonstrated his political independence and had a potential to become Putin's political rival after 2008, was expected to grow significantly because of huge financial flows and additional instruments of influence. It should also be noted that nearly four years after Putin's rise to power, both policy-making in the economic sector and the most important state and private companies remained overwhelmingly in the hands of holdovers from the Yeltsin era. While *siloviki* had increasingly colonised large parts of the state their economic influence was very limited.<sup>114</sup> Obviously they were very much dissatisfied with the situation and Putin had to restore this equilibrium.<sup>115</sup> Thus, the attack against *Yukos* reflects not only the Kremlin's desire to defeat 'bad' oligarchs but, much more, was a key element in Putin's plan to give control of strategic assets to the hands of the *siloviki*, ensuring the long-term financial independence of his supporters.



Pavel Erochkin, a researcher at the House of Lords, said that the course of the conflict highlighted what has been going in Russia since the early 1990s; it is an illustration of the weakness of the rule of law, dependence of the judiciary on the executive, prevailing attitude within society, and so on.<sup>116</sup> According to the polls of the mid of 2004, 80 percent of Russians would actually support the expropriation of property from oligarchs, as well as imprisonment of Khodorkovsky and other businessmen.<sup>117</sup> Robert Amsterdam, the human rights lawyer, termed the Khodorkovsky's trial and the persecution of other Yukos executives and shareholders 'a grotesque assault upon human rights in Russia.' He described the Russian authorities' handling of *Yukos* executives as a form of hostage-taking, and the government's seizure of *Yukos*' assets as state expropriation.<sup>118</sup> This highlights a root cause of Russia's political deformation, namely, the absence of any concept of inalienable property rights – a concept that lies at the heart of Western experience. The debate on property rights centres on the high profile case of *Yukos* but includes the rights of all business, from monopolies to small and medium enterprises (SME). Property rights in Russia remain insecure since privatisation.

To sum up, the Yukos affair demonstrated the selectivity of law enforcement, possibly suggesting an agenda for dealing with the highly uneven concentration of ownership and undermining the oligarchs. It gave Putin an opportunity to revise substantially the terms of his relationship with big business. But the affair appeared to be a show-case rather than the beginning of the hunt against all oligarchs, who so feared of a large de-privatisation campaign. Putin made it clear that the state expected big business to share the burden of tackling Russia's social problems.<sup>119</sup> In other words, Putin's message for the oligarchs was that they could hold on their empires if they invest in helping the president deliver on his economic promises. Thus, far from being the state's master, Russian private capital was to be its servant. Rather than setting big business against him, Putin is trying to co-opt it.

Putin's overall strategy is to keep big business in limbo. Now, the prevailing line is that there will be no special relationship with big business. It is argued that keeping the latter off-balance will achieve political obedience among the Russian business elite that Putin seeks to establish.<sup>120</sup> Illegitimate wealth combined with arbitrary power has left business in a problematic position throughout both Putin's terms. Whilst having to retain the favour of government in order to prosper, big businesses must avoid any active involvement in politics in order to avoid becoming subjects of selective punishment. It can be argued that selective justice, coupled with the current propensity to manipulate formal rules for political reasons, effectively counteracts the broader political project aimed at establishing the rule of law in the country.

All in all, despite several attacks on the oligarchs, Putin has not managed to eliminate the oligarchic system, but new 'barter-based' rules were set. Nor did this kind of bargaining significantly contribute to the increase of the autonomy of the state – relations between the regime and big business remain very tight.<sup>121</sup> It has to be pointed out that oligarchs are not a coherent, unified group. Putin's technique of divide and rule continues to work effectively. The state is increasingly using its power to redistribute wealth, rather than to increase efficiency. Clan politics continues to thrive. Under Putin it is not that the game has changed, but some of the players: Yeltsin's oligarchs are



being replaced with new ones. The major new players under Putin are the *siloviki* – the key opposing clan to the ‘family’. For about six years of his rule, Putin, rather than reducing the power of such clans as promised, was manoeuvring between them, ‘unsure whether to side with economic liberals or the security forces’, in a manner reminiscent of Yeltsin.<sup>122</sup> There is little doubt that, like under Yeltsin, politics is dominated by subterranean clashes between competing groups that unite state officials and big business.

### 3.6. Chechnya: state integrity

Chechnya, in Anatol Lieven’s words, has become the ‘tombstone of Russian power’<sup>123</sup>; for a time in late 1999 the war in Chechnya was the main issue that propelled Putin to power. In his *Millennium Manifesto* Putin insisted that Chechnya was ‘where the future of Russia is being decided’.<sup>124</sup> It was the sole means found by his regime and used in his election campaign for consolidating society. An effective consolidation, Boris Kagarlitsky, a political scientist and the director of the Globalisation Institute in Moscow, argues, would have required two things: ‘either a clear victory, or for the enemy to be at the gates’.<sup>125</sup> Neither was achieved.

In the 2000 election campaign Putin declared that his historic mission is to resolve the situation in the North Caucasus. For Putin, the war in Chechnya was about preventing the disintegration of Russia and the associated horrors that it would entail. In standing for re-election in 2004, he again pledged to resolve the problem of the Chechen separatism and the growing security threat it poses to Russian society at large. Hence, the Chechen problem is inseparable from his presidency and from his state building project.

The situation in Chechnya is entirely based on Russia’s imperial legacy. The relationship between Russia and Chechnya, a small autonomous republic within the Russia Federation in the Northern Caucasus near the oil-rich Caspian Sea, and with a population of about one million people, has been poisoned during nearly two centuries by mutual animosities and outright hatred. In the recent ten-year war, about 250,000 people died, exactly a quarter of the population. Of those deaths, an estimated 42,000 were children.<sup>126</sup>

The roots of this open-ended campaign lie in Russian misrule and readiness to countenance a war against Chechnya for domestic political reasons. Although the terror acts of 9/11 have, in some ways, permitted the Russians to present the Chechnya situation in a more favourable light, it remains a contentious issue both externally and internally. The Chechen conflict has become multi-dimensional and remains a very black mark on Russia’s record domestically and internationally. The Russian campaign in Chechnya has been incompetent, brutal, and ‘replete with what can only be described as war crimes’.<sup>127</sup>

Putin’s war on Chechnya has been characterized from the outset by a far more relentless use of force than that of his predecessor, not only in terms of troops and ordnance but



also cruelty to civilians from an army bent on revenge, and increasingly composed of *kontraktniki*, professional soldiers often recruited from Russia's prisons. In accordance with the data of 2002, Russia has lost from over 4,000 (official Russian statistics) to 14,500 (according to the Union of Soldiers' Mothers Committee<sup>128</sup>) troops in Chechnya just in the second war, which is comparable to total Soviet losses in Afghanistan (1979-1989)<sup>129</sup>. Since 1999, 35,000 of Chechen civilians are reported to be missing as the result of infamous cleansing (*zachistki*) conducted by the Russian federal troops in the region.<sup>130</sup>

It could be said that Putin's handling of Chechnya as an international issue has been skilful enough. He has been playing the Chechen card and using the conflict as it best suits his own political agenda for as long as it is necessary. Putin would like everybody to treat the war in Chechnya as part of the war on global terrorism. For Moscow all Chechen resistance groups are terrorists, and a military response is the only strategy available for addressing the conflict. Putin managed to neutralise much Western criticism of the disproportionate use of force by arguing that 'Chechnya was the front line of an attack by political Islam on Russia and Europe as a whole', and that by her military action Russia was in fact fighting for European security as much as for her own.<sup>131</sup> Moreover, he ruled out the OSCE mediating role that was played in the first Chechen war, allowing only its Assistance Group to resume humanitarian operations, and tried to assuage the European Council's concern over human rights violations.<sup>132</sup> Finally, since 9/11, Russian propaganda has been focussing on making a direct link between the long-standing issue of Chechen resistance and the Al Qaeda network. Moscow has largely succeeded in internationalising the Chechen problem for the purposes of legitimisation of its brutal 'counter-terrorist' operation. Participation in U.S.-led anti-terrorist coalition provided Russia with the 'impunity' and justification of carrying on her misguided and failed policy in the rebel province. In general, Washington's support on a number of issues should be interpreted as the Kremlin's success. The U.S. State Department blacklisted some Chechen groups as foreign terrorist organizations.

The truth is that under the cover of the 'counter-terrorist' campaign the Russian government is trying to tackle an issue that is 'extremely complicated and related to terrorism only indirectly'. While there is a terrorist dimension, cooperation fighting against terrorism must respect human rights and acknowledge the importance of addressing its root causes. Meanwhile the continuing bloodshed in Chechnya is only a 'fear of admitting political fiasco'.<sup>133</sup> Moreover, Putin faces foes who are mostly citizens of his country and who have turned to terrorism in a struggle rooted in nationalist aspirations and centuries of repression. In reality, it has not been a war on terror but largely an 'anti-guerrilla campaign'.<sup>134</sup>

By October 2002, Putin's army had won the war militarily in Chechnya, through tactics that included the destruction of entire villages and mass round-ups of people suspected of separatist sentiments. But the enemy took the war to a new battlefield; Russia still faces the prospect of endless guerrilla warfare. In 1999, Putin promised Russians a two-week war that would crush the separatist enemy. Instead, he has given them an 'endless struggle that haunts his presidency, a guerrilla conflict generating a wave of terrorism' that has killed about 450 people only during August-September of 2004.<sup>135</sup>



The war waged by Russia during the last decade arguably more stimulated the rise of both 'terrorists' and of 'freedom fighters' than eliminated them.<sup>136</sup> So what is the rationale of Russian military actions in Chechnya? Russia's lack of a coherent policy in Trans-Caucasus contributed to growing instability in the region. For long on Russian part there has been no will for political solution to the conflict. Russian authorities used to claim that Chechnya is a failed state, her political set up was so disintegrated that there was nobody to negotiate with<sup>137</sup>. Putin repeatedly rejected the option of re-engaging with the elected President Aslan Mashadov<sup>138</sup>, as being compromised by terrorism. After the hostage drama in Moscow's theatre in October 2002, Putin completely ruled out negotiations with Chechen guerrillas. To quote Sergey Ivanov, Russian Defence Minister, 'Russia has never negotiated and will never negotiate with terrorists and bandits'.<sup>139</sup> For the Russian leadership, all Chechen resistance groups are terrorists, and a military response is the only strategy available for addressing the conflict. Yet, in fact, Russian forces are fighting several groups with different political objectives. Nor Moscow has learned lessons after countless terrorist acts, including Beslan. Russia kept choosing the same option – force, but force cannot work.

Putin had perfectly realised that at presidential elections in 2004 he would have faced hard questions, if he had not convinced the electorate that the situation was better than the one he inherited in 1999.<sup>140</sup> The obvious truth was that there was no military solution. In the end it had to be political. Thus a negotiated settlement was in desperate need for Moscow itself. With Russian casualties rising - the official figure for 2002-2003 was 4,749, the highest in one year since 1999, and the monthly average for 2004 was higher than American losses in Iraq - Putin started to adopt a strategy of 'chechenization'.<sup>141</sup> The idea was to enlist loyal Chechens to serve in a puppet administration and to transfer the burden of war on to the local authorities. This meant troop reductions - around 60,000 Russian soldiers (from 100,000-strong in 1999) then faced an active resistance estimated at a maximum of 5,000 - and the delegation of many combat operations to militias under the control of the Kremlin's puppet governments under Akhmad Kadyrov and Alu Alkhanov.

However, the Kadyrov government did not generate the legitimacy and credibility it needed with the Chechen people to bring about a political solution. Although after Kadyrov's election a brief pause in the fight followed, Putin's promises to rebuild what had been destroyed in Chechnya never materialized.<sup>142</sup> Soon the separatists turned almost exclusively to terrorism to wage their war. The campaign escalated on 9 May 2004, starting with a bomb in Grozny that killed Kadyrov and shattered Putin's 'chechenization' policy.

Alkhanov, a former Interior Minister, who replaced Kadyrov after his assassination, was little able to alter the character of the quisling regime. Under the command of Kadyrov's son Ramzan, the so-called *kadyrovtsy* have become infamous for their brutality, and have tortured and killed their countrymen no less assiduously than Russian forces.<sup>143</sup> In an attempt to promote a political settlement, the Russian government has drafted an agreement on division of power between Moscow and the Chechen Republic, offering the latter broad access to economic benefits from oil



exploration in Chechnya, but anchoring Chechnya firmly within the Russian Federation without the prospect of 'legitimate' secession.<sup>144</sup>

For all the talk of 'normalization', the Russian leadership constantly reiterates that Russia is fighting not Chechen separatists but international terrorists, and this has finally become a self-fulfilling prophecy. According to Andrey Piontkovsky, Director of the Centre of Strategic Research in Moscow, due to the methods used in waging war in Chechnya Russia has turned practically the whole Chechen population into enemies.<sup>145</sup> The Kremlin's refusal to engage in a dialogue with anyone inside Chechnya except its handpicked puppets has pushed the Chechen separatists into a corner and, as in other cases in the history of terrorism, extreme violence was their response. While resistance has predominantly taken the form of guerrilla actions inside Chechnya against Russian troops and pro-Moscow Chechens, the current war has seen the increasing resort to violence outside Chechnya's borders - including the previously unused tactic of suicide bombings. The most severe manifestations were the Moscow theatre attack, the downing of two airliners and the school siege in Beslan. Moreover, violence has gone beyond the territory of Chechnya; reports of subversive attacks and bloody clashes used to come from all over the Northern Caucasus almost on a weekly basis. The assassination of the legitimate Chechen President and a moderate leader, Aslan Maskhadov, who announced a unilateral ceasefire, offering to enter into talks with Moscow in January 2005, could hardly bring peace to Chechnya or help maintaining control over the North Caucasus; just on the contrary, it can only radicalise the separatist movement.

In summary, after six years of rule Putin's regime was incapable of solving the situation in North Caucasus. The Kremlin's policy of brute force, no negotiations with rebels, and resistance to any international mediation has collapsed. The devolutionary policy of 'Chechenisation', albeit giving some semblance of stability, is not likely to last long, as the root causes of the conflict have not been addressed. It is clear, however, that without some negotiating framework it is hard to imagine any lasting settlement, an end to fighting and eventual disarmament.

The Kremlin's handling of Chechnya has contributed a great deal to the growing instability in the entire North Caucasus region and in Russia herself. In addition to the attacks on federal targets, suicide bombings of civilian targets have become a main element of rebel action. Analysts say that there is no possibility of peace in Chechnya anytime soon - the activity of the Chechen extremists will continue to be directed primarily against both Russian targets inside and outside Chechnya and the local pro-Moscow administration. The situation in Chechnya will continue to pose the most acute threat to Russia's domestic security. Hence, Chechnya has provided the springboard for Putin's ascent to power, and has become the trap he cannot escape from.

### **3.7. Regional politics: state capacity and integrity**

Russia is a multinational, multi-ethnic state with over 100 nationalities and a complex federal structure inherited from the Soviet period.<sup>146</sup> As a result of confusion of the constitutional and contractual principles, Russia's existing territorial division was



preserved almost unchanged for more than six decades. It has no counterparts elsewhere in the world: eighty-nine regions, with an average population of 1.9 million per region.<sup>147</sup> At the time of Peter the Great Russia had only eight provinces; during the rule of Catherine the Great - forty provinces; in 1917, there were fifty-six provinces and regions on the territory of present-day Russia. But fragmentation is only half of the problem. According to their status, components of the Russian Federation are divided into six different groups - from ethnic republics to autonomous areas. All of them have different power and status. The differing economic potential of territories results in the gap of living standards, already reaching the difference not tens but hundreds of times.<sup>148</sup>

This led to the so-called asymmetric federalism in Russia, with rather contradictory implications. The growing disparities between the members of the federation were a permanent source of inter-regional rivalry and political instability in the country, which made the federative model of government fragile and vulnerable. Paul Goble, a senior lecture at the EuroCollege of the Tartu University, argues that the Russian Federation is not a federation. In many ways, it seems even more imperial than was the Soviet Union: Moscow decided on both the borders and the status of all the groups within it in an even more radical manner than was the case with the former Soviet republics.<sup>149</sup>

For Putin's Russia, the central question remains to be answered: how stable is the Russian Federation? The shift of power from the centre to the regions was part of a broader disintegration of the Russian state. The Yeltsin presidency did little, if anything, to remedy this state of affairs. Instead an 'undisciplined pluralism' emerged in which regional elites were able to ignore the attempts of the centre to enforce law.<sup>150</sup> This was the legacy that faced the new president in 2000.

The rebuilding of the Russian state has been a central feature of Putin's leadership, and his reforms of centre-regional relations should be seen in this context. Upon taking power, one of Putin's major moves was to strengthen the administrative vertical by reducing the powers of eighty-nine regional heads and practically placing them under the authority of seven presidential envoys, each responsible for a federal district made up of about a dozen regions.<sup>151</sup> According to Putin's decree<sup>152</sup>, confirming the creation of seven federal districts to increase control of the 89 regions/*oblasts*, the presidential representatives were part of the presidential administration. Their main tasks were to ensure the establishment, in their federal districts, of the main direction of the domestic and foreign policy of the state, as defined by the president. In short, they would ensure the primacy of federal law over the laws of republics and regions. This aimed at the creation of a single legal space within the Russian Federation. The federal leadership felt that effective economic reform could only be implemented if such a legal space was created.<sup>153</sup>

Putin's second important step was the reform of the Federation Council<sup>154</sup>, along with passing the law allowing the president to impeach regional governors. By removing them from the Federation Council, Putin destroyed their legal immunity. It may be to Putin's advantage to have a lower profile and possibly more flexible Federation Council, but this change undermined the development of the Federal Assembly as an effective check on the executive. Keeping governors in line remains part of Putin's



current policy, most obviously in the increasingly blatant meddling of the Kremlin in regional elections and the growing use of law enforcement structures against regional and local officials.<sup>155</sup> Hence, both these moves sought to reduce the powers of regional leaders and give more order and consistency in centre-periphery relations. How successful were they? Was it a genuine effort to replace the menace of an influence-based system with a rules-based system?

This federal reform was first of all aimed at re-centralisation and elimination of asymmetric federation. Putin planned to achieve it smoothly through the federal district level. The reform sought to meet the challenges of the country's economic development and provide economically sustainable plans, as well as to respond to the challenges of globalisation. The major outcome of the federal reform was supposed to be simultaneous management of various issues, such as military reform, economic development and territorial-administrative reform.<sup>156</sup> In addition, Putin chose, like Nikita Krushchev, who tried much the same thing half a century ago, to make federal districts coterminous with the country's military districts rather than its economic zones. As a result, the reform has backfired, undercutting the possibility of social mobilisation on a democratic basis and of economic growth in any rational, non-defence related way.

Some have argued that the presidential representatives have achieved relatively little, some claimed that the overall reform amounted to a revolution in Russian federalism. While presidential envoys can be flexible in policy making, they have to adhere to four requirements: subordinating security services to the federal level; coordinating foreign direct investment with the federal authorities; neutralizing soft security concerns (crime, corruption, and irregular military formations); and creating a joint system of military command.<sup>157</sup> There are certain positive elements in this regional reform. Putin's undoubted historical achievement is averting the centrifugal trends in the Russian Federation that threatened the country's integrity. Russia has grown stronger and more consolidated. The federal authorities have supported new cross-border agreements for investment, transport networks, and even military cooperation. But although the tenor of relations between Moscow and the governors improved, the *détente*, Treisman argues, owed less to central pressure and institution building than to 'backroom deal making of the Yeltsin variety'.<sup>158</sup> The governors' key priorities have been to stay in power and keep their personal wealth, and Putin has granted them this at the expense of local democracy.

By and large, the negative aspects of the reform prevail over the positive ones. Despite the somewhat heavy-handed nature of Putin's solutions to the breakdown of central state authority in the periphery, it is not entirely clear that these have actually done a great deal to challenge the heart of regional resistance. While he may have temporarily quelled the regions, without further institutional reform, it is entirely possible that when the economy sours, one could see the re-emergence of overt regional resistance to the centre yet again. Although Putin has rid some of the 'symptoms of what ails the central state in the periphery', he has not cured the disease.<sup>159</sup>

A factor that should not be overlooked is growing non-Russian population areas within the Federation. It is noteworthy that in 1989 only six of the twenty-two non-Russian republics had non-Russian majorities.<sup>160</sup> In 2004, more than a dozen did, and by 2010,



most will.<sup>161</sup> In future, these non-Russian areas may present a far greater challenge than they do now – especially given their diasporas in major cities like Moscow, which already is the largest Muslim city in Europe. These non-Russian regions are increasingly likely to challenge the centre, if not militarily than in other ways including simply ignoring what Moscow wants.

Putin's remedies were simply Soviet solutions to post-Soviet problems. As a result, their depth and durability is questionable. In establishing federal districts, Putin has simply created an extra level of bureaucracy in the country but this has not necessarily increased state capacity.<sup>162</sup> The new presidential prefects had poorly defined responsibilities, unclear powers and few resources and faced resistance from the federal ministries, whose regional employees they supposedly co-ordinate.<sup>163</sup> It was unclear, for example, to what extent they were supposed to oversee the actions of regional governments in general or merely federal bureaucrats in the regions. Consequently, there were tensions inherent between the devolution of authority and central control. The presidential envoys had increasingly interfered in the matters that should be left to the regions, elections being only the most prominent example. This has led to the situation that at regional and local levels the majority of players are rather weak: self-governance is hardly functioning or almost non-existent. This merely confirms that a desire to control and manage everything weakens capacity of the state.

The events in Beslan brought a tremendous shift in Moscow's regional policy. Justified as part of the war on terrorism, President Putin's plan to abandon direct elections of regional governors to endorse instead regional leaders in local legislatures upon Kremlin's nomination, is a rollback from democratic procedures in reforming regional government bodies. While aimed at 'strengthening the state' and imposing federal authority over the regions (many of which are governed by thoroughly corrupt *apparatchiks*), it would also risk undermining the democratic legitimacy of local authorities and would appear to hardly do anything in strengthening Moscow's hand in combating the terrorist threat (its nominal motivation).

In fact, the attempt to halt democracy and replace it with an administrative hierarchy only creates an illusion of manageability. There have been governors who at least understood that they had to solve their problems by themselves. But if to place an official in charge of a governor, he simply extends the responsibility to Mr. Putin. This means that the power vertical or the pyramid will be in permanent crisis.<sup>164</sup> Hence, if the president is building up a hierarchy of the bureaucracy and controls bureaucrats this does not necessarily mean that bureaucrats themselves will be able to control the situation. Beslan and the series of earlier terrorist attacks proved this. Nor will the appointment of governors solve corruption problems in the regions, it will only take them one step higher. The further enhancement of state control would, in turn, increase the breeding ground for corruption, i.e. decrease state capacity. What is worse, such Putin's plan is but 'the end of federalism' and a return to the Soviet system of governance. What is being created is 'a unitary state - an authoritarian state', to a significant extent.<sup>165</sup> But Russia is too big, and in a great many areas such a diverse structure cannot be controlled by harsh, unitary, hierarchical methods.



To sum up, although the balance of power has shifted somewhat towards the centre, 'the foundations of Yeltsin's neo-feudal system remain'.<sup>166</sup> The problem of developing a more harmonious centre-regional relationship is to do with three structural factors. The first is the very system of Russia's asymmetric federalism. The second is related to the fact that Russia has an extremely large number – eighty-nine elements within her federation.<sup>167</sup> The third is the coming challenge from the growing non-Russian areas within the Russian federation. This does not seem to change without structural-territorial reform in Russia. That said, the Russian Federation cannot survive for long under current conditions. It is not possible to exclude that the combination of continued economic and social decline, the likelihood of political fragmentation and the growing pressure from external players eventually may lead the Russian Federation to repeat the fate of the Soviet Union.

### **3.8. 'Managed democracy': state capacity**

Putin's modernization agenda, called authoritarian modernization, is pursued by administrative, bureaucratic and non-democratic means. The Kremlin has regarded Beslan as a convenient pretext to eliminate the last vestiges of pluralism: the single-mandate seats in the Duma, the governors' elections, and the relatively independent print media.

Medvedev argues that authoritarian modernization is a recurrent model in Russian history, from Peter the Great to Lenin and Stalin. It also has quite a few contemporary parallels, from Pinochet's Chile and Park Chung Hee's South Korea to Nazarbaev's Kazakhstan. Yegor Gaidar, an architect of Yeltsin's economic reforms, postulated that the pattern of the Yeltsin-Putin era – disorder and economic chaos followed by authoritarianism and widespread imperial nostalgia – matches Weimar Germany in 1918-1933.<sup>168</sup>

Some Russian observers have expressed optimistic belief that 'managed democracy' makes economic modernisation easier. However, structural deficiencies make this regime vulnerable from within. First of all, stability in Putin's Russia, based on previous rules of the game, will not give the authorities a guarantee against failure. Moreover, any leader who relies not on institutions but on cadres is doomed to be dependent on the clans surrounding him, and to become a hostage to the next echelon of favourites, oligarchs, and perhaps even a new 'family'. This is inevitably the end of any patrimonial rule, even if a leader himself appears to profess functionality and pragmatism.<sup>169</sup>

A great challenge to the regime is its attempts to organise and control many processes, including centralisation of the Russian Federation, limiting self-government, controlling the parliament and the media, establishing a manageable multi-party system, creating NGOs loyal to the Kremlin, and so on. But the attempts to achieve full manageability undermine the efficiency of power. From a purely functional point of view, it focuses all responsibility for policy failures on Putin and his government. Moreover, without an effective system of checks and balances the government is increasingly unable to prevent and handle political, socio-economic and security crises within Russia, which



are set to snowball in the next few years. Simply put, a highly bureaucratised pyramidal authority structure makes the state and the system of power unstable, as was demonstrated by the collapse of the Soviet Union.

To make matters worse, the post-Beslan reform is likely to further enhance state control, which, in turn, would increase breeding grounds for corruption, i.e. decrease the state's capacity. The current political initiatives undertaken by President Putin will 'gradually bring decline of political power and de-legitimisation of the presidency', the only viable and active political institution in the country.<sup>170</sup> The endgame of Putin's state-building project is likely to be not a harsh, authoritarian and effective power but, in Shevtsova's words, 'a pathetic, weak, impotent omnipotence'.<sup>171</sup> One could see its presence in Beslan, where nobody, neither at the centre, nor local authorities, dared to take responsibility for the anti-terrorist operation.

Another problem that Putin will inevitably face is the question the continuity of power. Current opposition parties are in no shape to challenge Putin's succession, and quite possibly his successor's succession will be decided within the Kremlin. One should bear in mind that the operation 'succession' concerns much more than one person, it has to do with the reproduction of the regime. The successor chosen by Mr. Putin is likely to offer the same combination of prickliness and occasional pragmatism.

Finally, due to the lack of opposition other threats are arising: the loss of initiative and the danger of hidden sabotage by certain groups within the state. The latter is especially clear when the regime relies on the bureaucracy, police and security structures, which in Russia have long been reactionary forces.<sup>172</sup> The campaign to impose 'managed democracy' has serious negative consequences for the quality of democracy. The mechanism of elections in Russia is turning into a mechanism of imitation that conceals the absence of real choice. Becoming a hostage to populism and his own team, the leader is finding it increasingly difficult to abandon the imitative model of behaviour. Moreover, the process of imitation is spreading to all spheres, giving illusion to 'a semblance of order, a semblance of a multiparty system, a semblance of a parliament, and semblance of civil society', and blurring the line between reality and the virtual political world.<sup>173</sup>

With regard to the future perspectives of the regime, among several possible scenarios, designed by American analysts, two options are worth mentioning, as they best correspond to today's realities. The pessimistic scenario - 'stagnation conservatism' - involves establishing a kind of the regime that will focus on 'prolonging its own lifespan' and redistributing property among the new 'family' members, and will try to 'guard' Russia from the outside world as much as possible. This scenario repeats the common speculations regarding the possibility of amending the Constitution to extend Putin's time in power.<sup>174</sup> Development of a Pinochet-style system cannot be totally excluded. Russia does not have a politicised army, but she does possess a powerful and politicised secret police, which Putin continually strengthens through the reform of security services and centralization. Secret services are already active in the economy, via firms founded and headed by FSB and GRU members. Another scenario is 'creative conservatism'. It is called conservatism because of its central idea: 'no further retreat' in geopolitics or economy. A gradual increase of nationalist forces' popularity in Russia is



perfectly in line with this scenario. As a result, Russia is likely to take more hard decisions towards her 'near abroad'.<sup>175</sup> This scenario is called creative because Putin is obviously keen on reforming Russia and has his own vision of improvement of Russia's life. The main objective is transforming the economy into a 'two-foundation' model: one foundation being the oil and gas sector, the other being high-tech industry.<sup>176</sup> Most possibly, these scenarios will be mixed.

In Shevtsova's view, in Russia today there are no mechanisms for relapsing into pure authoritarianism or totalitarianism. The logic is simple - the centre does not have the means to establish such a regime, since there is no effective and monolithic bureaucracy loyal to the centre, nor an army that enjoys high status and is ready to support a dictatorial regime. The same applies to security services: in their current state they are hardly capable of assuming the role of repressive instrument.<sup>177</sup> However, it should not be ruled out that, in case of social and economic troubles, some groups could support a hardening of the regime. At the same time, in the age of globalisation it is difficult to imagine such isolation of the country. Thus, to all appearances, Russia will have, to quote Shevtsova, an 'imitating authoritarianism instead of imitating democracy', i.e. the regime of total irresponsibility.<sup>178</sup> And how is it possible to implant authoritarianism when 45 percent of population do not need the guardianship of the state any more?<sup>179</sup> This means that Russian society is gradually becoming prepared to reject the 'Russian System' and all the modifications of the Yeltsin and Putin regimes, and live in a modern society. It is the ruling class that still cannot switch to a new reality.

### 3.9. Conclusions

Vladimir Putin made state building and modernisation the central priorities of his presidency. He wanted Russia to become an economically powerful country, freed from the corruption, clientelism, and dependency of the Yeltsin years, politically stable and internationally respected. To Putin, the state is just 'one big bureaucracy'.<sup>180</sup> He seemed to believe that once bureaucracy was well ordered the system would work better.

This has not come true, as under his rule the three major components of state building – state capacity, integrity and autonomy - reflect a state building failure, not a success. In 2000, Putin was elected largely on the 'security and order' platform. However, since 2003, Russia has witnessed growing insecurity both on the level of individuals and the state as a whole. A series of terrorist attacks in Russia exposed flawed policies in Chechnya and have rocked the sense of stability and security. Thus, two major issues that propelled Putin to the Kremlin - the restoration of order in the country and the resolution of the Chechen problem – remain among Russia's biggest challenges.

With world oil prices at historic highs, Russia is experiencing a period of economic growth and budget surplus. But Russia is essentially a petro-economy. This means that the current rosy scenario only highlights Russia's key economic vulnerability – her overwhelming dependence on her energy sector to generate both government revenue and economic growth. Therefore Russia's new-found economic 'prosperity' is fragile and requires deep and difficult reforms to sustain. This answers the main question of this chapter whether Putin's regime has been successful in strengthening the state.



From a positive side, whilst there are different opinions among analysts as to the sum of Putin's achievements, there is an agreement that he is a personal carrier of many policies and initiatives, both at home and abroad. As to their effectiveness, the results are mixed. By and large, the chaos of the 1990s has passed. Russia has acquired more weight in international politics. The state has become more manageable, and there is much more solidarity in the elite. The biggest Russian achievement under Putin is that the indulgent and humiliating world leaders' attitude typical of Yeltsin's rule is gone. Given the mess that Putin inherited and taking into account the collapse of his country's fortunes over the preceding 10-15 years, he has presided over a remarkable transformation. The most remarkable change, however, is not in Putin's policy but in his popularity. For the first time in more than a decade, Russia has a leader supported by the overwhelming majority of citizens. Establishing for himself a great deal of authority for both Russians and the West, Putin is a man who re-established the authority of a president – this is a very important thing.<sup>181</sup> The sources of Putin's appeal are complex, but growth in living standards has surely played a part. This points to the second major difference compared with the Yeltsin era: although poverty and inequality remain high, the upward trend has changed perceptions of the government markedly.<sup>182</sup>

From a negative side, though Putin succeed in dragging the country out of the chaos, the state that has arisen as a result of his presidency is basically identical to the one Russia had under Yeltsin - it continues to bypass laws without any principles. The key features of Putinism are but an extension of Yeltsinism. What is worse, pluralism and freedom with some elements of democracy that started to appear under Yeltsin are disappearing from today's Russia. There has also been much continuity owing to the fact that the new leadership failed to overcome the resistance of some groups of the elites, especially the *siloviki*. Putin's foremost mission is defined by the nature of the regime, and there has been no single attempt on his part to break free of this dependence. The Russian system is such that reproduction of the regime is the regime's first priority. The regime will seek to guarantee self-perpetuation of power, i.e. the implementation of the project 'succession'.<sup>183</sup>

Evidence is mounting that Russia is moving in the direction of more 'state capitalism' – a strong state consolidating control over income generating sectors. The Kremlin is acting to ensure its control of 'strategic assets' through forced mergers, tightened limits on foreign ownership and abuse of Russia's judicial and legal systems. Moscow has placed former security (FSB, SVR, KGB) officers in senior posts in many of Russia's strategic enterprises, and insures compliance from 'independent' businessmen (oligarchs) through heavy handed tactics like prosecution of Khodorkovsky or bureaucratic harassment by the power organs (the tax office, police, intelligence and prosecutors). But it is not likely that the oligarchy *per se* will be ruined or dismantled.<sup>184</sup> Moscow officially welcomes foreign investment, which is needed for the modernisation of the economy, but closely and suspiciously monitors foreign business interests.

Some positive results of regional reform notwithstanding, Russia remains a very fragmented country. Putin's policies undermine not only the development of an effective federal system but also democratisation. Democratisation, federalisation and popular elections are an unbreakable triad. Power is not about the extent of authority but



about how much of that authority can be effectively implemented. At present, neither the centre nor the regions can exercise their authority effectively. The federal districts, established to effectively translate the policy of the federal centre to the regional level and to control the implementation of federal policy, have not fulfilled their tasks. Ultimately, the political centre of gravity should be in the regions.

Putin's choice was between continuing his role as stabiliser, thus preserving the status quo of 'elected monarchy', and becoming a transformer, reorganising the way Russia is ruled – restructuring the 'power vertical' and 'purging insidious bonds between power and business'.<sup>185</sup> The Russian leader has chosen the first option. Putin's Russia continues to hang in the balance between the past and the future, between prioritising individual and social liberty and the concept of a 'strong state'. Under Putin, the number of independent political actors tremendously decreased, the remaining became weaker, losing their capability to exercise influence on the process of decision-making. This leads to the situation when the state is gradually becoming the only political actor.

That said, it seems that the apparent strengthening of the Russian state is largely an illusion: Putin has strengthened the Kremlin (or the presidency) but not the state. Although Putin has been able to stem the disintegration of the state, he has not been able to build a state strong enough to implement reforms, starting from prosecuting organised crime and stamping out corruption. Above all, Putin's regime of super-presidentialism revealed itself as not only authoritarian but also dysfunctional. It has been too rigid and centralized to handle the crises, which always occur. Thus, instead of consolidating the state, super-presidentialism made it only weaker, bringing unintended consequences.

The Putin regime has had an impact both on the economic area and the foreign policy field. First of all, the pulse of economic reform is likely to rise and fall with the world price of oil. Russia today, to borrow Medvedev's phrase, is a 'petrocracy driven by authoritarianism'.<sup>186</sup> Secondly, this regime increases the fusion between the bureaucracy and the big business. The redistribution of economic and financial resources has already begun. The regime is restoring to some groups what was stolen from them in the past, first of all, to the state bureaucracy, particularly the *siloviki*. Third, Russia's pro-Western choice is doomed to be fragile, as it is undermined by the logic of the traditional state that is reconstituted by Putin.

The course of development Russia is taking cannot be called a Western path, even not a Chinese path, as there is neither political subjectivity nor ruling elite to implement a Chinese model of governance. Russia's development more resembles Latin American path. Is this path feasible? Possibly, for a certain time. But it does not offer a solution to Russia's major problems: building an effective market, bridging the gap between Russia and the industrial nations, and integrating Russia into Western civilisation. The transition to a post-industrial society requires the greatest possible economic and political freedom. The choice for Russia between a 'petro-economy' and a modern, broadly based economy is a choice of integrating and cooperating with the rest of Europe and a choice concerning the appropriate political regime.



- <sup>1</sup> Medvedev, Konovalov, Oznobishchev, p. 41.
- <sup>2</sup> Ibid.
- <sup>3</sup> Kobrinskaya, I., "Parallels" and "Verticals" of Putin's Foreign Policy', in *PONARS Policy Memo*, No. 263 (Oct 2002).
- <sup>4</sup> Taylor, D. B., 'Putin's State Building Project: Issues for the Second Term', in: *PONARS Policy Memo* (November 2003), p. 323.
- <sup>5</sup> Nicholson, M., 'Putin's Russia: slowing the pendulum without stopping the clock', in *International Affairs*, Vol. 77, No. 3 (2001), p. 869.
- <sup>6</sup> Brown, A., and Shevtsova, L. (eds.), *Gorbachev, Yeltsin and Putin: Political Leadership in Russia's Transition* (Moscow: Carnegie Endowment for International Peace, 2001), p. 93.
- <sup>7</sup> Ibid.
- <sup>8</sup> Ibid.
- <sup>9</sup> Ibid.
- <sup>10</sup> Pavlovsky, G., 'Russia Can Be Easily Provoked into Revolution', in *Kommersant Vlast*, No. 26 (2000).
- <sup>11</sup> Legvold, R., 'Russia's unreformed foreign policy', in *Foreign Affairs* (Sept/ Oct 2001), p. 63.
- <sup>12</sup> Medvedev, 'Russia at the end of modernity', p. 59.
- <sup>13</sup> Sakwa, R., *Putin: Russia's Choice* (London & New York: Routledge, 2004), p. 237.
- <sup>14</sup> Braithwaite, 'Russia under Putin'.
- <sup>15</sup> The main three themes of Putin's manifesto are also listed in Nicholson, 'Putin's Russia', p. 869.
- <sup>16</sup> Braithwaite, 'Russia under Putin'.
- <sup>17</sup> Medvedev, *Rethinking the National Interest*, p. 7.
- <sup>18</sup> Migranyan, A. 'What is Putinism', in *Russia in Global Affairs*, No. 7 (Apr 2004); <http://www.eng.globalaffairs.ru/numbers/7/521.html>.
- <sup>19</sup> Nicholson, p. 869.
- <sup>20</sup> Gevorkian, N., et al., *Ot Pervogo Litsa: Rrazgovory s Vladimirom Putinyim* [Vladimir Putin, First Person] (Moscow: Vagrius, 2000), p. 39.
- <sup>21</sup> Nicholson, p. 870.
- <sup>22</sup> Starobin, P., Fairlamb, D., and Crock, S., 'Putin's Russia', in *Business Week*, (17 Jan 2000), Issue 3664, pp. 48-50.
- <sup>23</sup> Trenin, D., 'Putin's 'New Course' is Now Firmly Set: What Next?', in *Briefing Papers*, Vol. 4., Issue 6 (June 2002), <http://pubs.carnegie.ru/english/briefings/202/issue02-06.asp>.
- <sup>24</sup> D. Trenin quoted in Daniszewski, J., and Kuznetsov, A. V., 'Pro-West Putin snubs his public Russia: despite a Cold war chill at home, the President is banking on his efforts to secure Moscow's standing as a global leader', in *Los Angeles Times* (16 May 2002).
- <sup>25</sup> Nicholson, p. 870.
- <sup>26</sup> According to A. Moshes, Discussion on contemporary Russian politics (Tartu: Baltic Security Society, 3 Apr 2002).
- <sup>27</sup> 'Having it both ways', in *The Economist* (22 May 2004), p. 3.
- <sup>28</sup> Shevtsova, L., 'Prezident Putin oformlyayet sobstvennyy politicheskiy rezhim: chto iz etogo sleduet' [President Putin is shaping his own political regime: what will be the impact?] in *Briefing Papers*, Vol. 6., Issue 1 (Carnegie Endowment for International Peace, Jan 2004).
- <sup>29</sup> Blank, S., 'Is Russia a Democracy and Does it Matter?', in *World Affairs*, Vol. 166, No. 1 (Summer 2003), p. 6.
- <sup>30</sup> The former KGB, now known by its Russian acronym, FSB.
- <sup>31</sup> Blank, S., 'The Great Exception: Russian Civil-Military Relations', Presentation at the Conference on Civil-Military Relations in post Cold War – Europe (Washington, D.C., 1 Nov 2001).
- <sup>32</sup> Adam Michnik quoted by Chris Donnelly, Senior Fellow of Defence Academy of the UK, in interviewing him in Shrivenham on 20 July 2004.
- <sup>33</sup> Braithwaite, R., 'Putin's Russia', Lecture for Global Security MSc, (RMCS, Cranfield University (UK), 13 March 2001).
- <sup>34</sup> Interview with Oksana Antonenko, Director of Russia and Eurasia program and Senior Fellow of International Institute of Strategic Studies, London, 19 July 2004.
- <sup>35</sup> McFaul, M., Petrov, N., and Ryabov, A., *Between Dictatorship and Democracy: Russian post-Communist Political Reform* (Washington, D.C., Carnegie Endowment for International Peace, 2004), p. 2.
- <sup>36</sup> Polikanov, D., 'The evolving relationship between the executive and the Duma', Presentation at the Wilton Park Conference WP 668 'Putin's Russia: Two Years on' (UK, 11-15 March).
- <sup>37</sup> Diamond, L., *Developing Democracy: Toward Consolidation* (Baltimore, Md: Johns Hopkins University Press, 1999), p. 22.
- <sup>38</sup> Kuchins, A., 'Russia's Image Problem Begins at Home', in *Moscow Times* (July 2004).
- <sup>39</sup> See Remarks by Vladimir Ryzhkov, Deputy of the State Duma, at the conference 'Government Reform in Russia: What is to be done?', in *Federal News Service* (7 Oct 2004); <http://www.fednews.ru>.
- <sup>40</sup> Its role will be to analyse draft legislation and the activities of the parliament, as well as to monitor federal and regional administrative bodies. The way the deputies are selected is only as democratic as the ruling regime at the



moment: one third of the deputies are chosen personally by the president, much like a presidential advisory council, and only then does this handpicked third establish how the second, federal third and the last, regional third of the chamber's deputies will be selected.

<sup>41</sup> Interview with O. Antonenko.

<sup>42</sup> McFaul, Petrov, Ryabov, p. 9.

<sup>43</sup> McFaul, M., 'Outlook: Russia's State of Siege', Online discussion (13 Sept 2004); [www.washingtonpost.com](http://www.washingtonpost.com).

<sup>44</sup> According to the Centre for Development of Democracy and Human Rights, Russia has over 400,000 active NGOs, 2,000 of which are exclusively devoted to human rights advocacy and 15,000 of which deal with human rights among other issues. See 'Russia: NGOs Say New Bill Threatens Civil Freedom', in *Radio Free Europe* (23 Nov 2005).

<sup>45</sup> Buckley, N., 'Russia moves closer to tough curbs on foreign NGOs', in *Financial Times* (24 Nov 2005).

<sup>46</sup> Buckley, N., 'A newly assertive Russia reimagines its role in the world', in *Financial Times* (5 July 2006), p. 11.

<sup>47</sup> Rudakov, V., 'What is to be done?', (Sept 2003) in *WPS Monitoring Agency*; [www.wps.ru/e\\_index.html](http://www.wps.ru/e_index.html).

<sup>48</sup> Freeland, C., 'America is hardening its attitude to a defiant Moscow', in *Financial Times* (5 July 2006), p. 11.

<sup>49</sup> 'The Domestic Political Situation in Russia', Workshop Report (Riga, 28 Aug 2001), p. 32.

<sup>50</sup> Aron, L., 'Domestic Determinants of Russia's Policy Toward the U.S.', Testimony House Committee on International Relations (U.S. Congress, 18 March, 2004). Leon Aron is a Director of Russian Studies and a Resident Scholar at American Enterprise Institute.

<sup>51</sup> Ibid.

<sup>52</sup> Ibid.

<sup>53</sup> Ibid.

<sup>54</sup> Shevtsova, L., 'Putin's Russia: challenges of transformation and integration', in Medvedev S., Konovalov, A., and Oznobishchev, S. (eds.), *Russia and the West at the Millennium: Global Imperatives and Domestic Politics* (George C. Marshall European Center for Security Studies, 2002), p. 58.

<sup>55</sup> The term is widely used by L. Shevtsova. See Shevtsova, 'Putin's Russia', pp. 57-71.

<sup>56</sup> Ibid, p. 61.

<sup>57</sup> McFaul, M. A., 'State of Siege: Putin's Strong Hand is Failing Russia', in *Washington Post Outlook* (12 Sept 2004).

<sup>58</sup> Shevtsova, L., *Putin's Russia* (Washington, D.C: Carnegie Endowment for International Peace, 2003), p. 229.

<sup>59</sup> Kobrinskaya, "Parallels" and "Verticals".

<sup>60</sup> Ibid.

<sup>61</sup> This include Head of Presidential Administration Dmitry Medvedev, Head of the Government Administration Dmitry Kozak, Minister of Economy German Gref, Minister of Finance Alexei Kudrin, Deputy Prime Minister Alexander Zhukov and Andrey Illarionov, Putin's economic advisor.

<sup>62</sup> *Strategic Survey: Evaluation and Forecast of World Affairs* (Oxford: Oxford University Press, 2004), p. 120.

<sup>63</sup> O. Kryshantovskaya is Director of the Applied Policy Institute in Moscow, she is quoted in 'Power to the power people', in *The Economist* (22 May 2004), p. 6.

<sup>64</sup> The Yukos, a transnational energy company headed by Khodorkovsky, and another oil giant Sibneft attempted to merge with Shell or Exxon and be in a position to control 50 % of Russia's domestic supply of oil. This step would have made the oil barons untouchable to the Kremlin. Additionally, Khodorkovsky started to finance the left and right-wing opposition parties of the Kremlin party 'United Russia' and to create a strong position for himself in the next Duma. These were the reasons for the Kremlin to order the Public Prosecutor's Office to take on Yukos and Sibneft with full force. Several of Yukos' top managers were arrested, including Khodorkovsky, who and put into jail in November 2003. The flourishing Yukos company has been wrecked. The company changed hands, and the state's strong presence is in its new ownership.

<sup>65</sup> Shevtsova, L., 'Putin's Soft Authoritarianism', Project Syndicate (Carnegie Endowment for International Peace, Apr 2004).

<sup>66</sup> *Strategic Survey* (2004), p. 120.

<sup>67</sup> Ibid.

<sup>68</sup> Braithwaite, 'Russia under Putin'.

<sup>69</sup> Moshes.

<sup>70</sup> Goble, 'Russia as a Failed State', p. 78.

<sup>71</sup> Shlapentokh, V., 'The Truth about Russia: A Liberal Society is Not to Be Had in the Near Future', in *CSIS Post-Soviet Prospects*, VI(4), (Sept 1998); <http://www.csis.org/ruseura/psp/pspvi.4.html>.

<sup>72</sup> According to interim report presented by Russia's Chief Military Prosecutor in mid-2004, between January-June 2004 some USD 17 million-worth defence finds were misappropriated and over 100 senior MOD officials were charged with fraud. See Trifonov, D., 'Russian Defence Reform', in *Jane's Defence Weekly*, Vol. 42, Issue No. 23 (8 June 2005), p. 29.

<sup>73</sup> 'Net Assessment: Former Soviet Union – In Search for Revival', in *Stratfor* (16 Oct 2003).

<sup>74</sup> Ledeneva, A., 'Corruption', Presentation at the seminar 'Prospects for the Russian Federation: The Predatory Russian State', Roundtable Seminar Summary (Chatham House, June 2004).

<sup>75</sup> Ibid.

<sup>76</sup> 'Net Assessment: Former Soviet Union'.



<sup>77</sup>These people earn approx. about USD 75 a month. See Putin, V., 'Poslaniye Federal'nomu Sobraniyu Rossiyskoy Federatsii' [Address to the Federal Assembly of the Russian Federation], Moscow, the Kremlin, 26 May 2004; <http://www.kremlin.ru/events/detail/2004/05/64816.shtml>.

<sup>78</sup>Putin, V., 'Poslaniye Federal'nomu Sobraniyu Rossiyskoy Federatsii' [Address to the Federal Assembly of the Russian Federation], Moscow, the Kremlin, 10 May 2006, <http://www.kremlin.ru/events/detail/2006/05/105278.shtml>.

See also Kuznetsov, B., Presentation at the International Conference 'Lithuania's Eastern Neighbours: Politics and Security' (Vilnius, 10 May 2002). Boris Kuznetsov is Director of the Centre for Integration Research & Programs, Moscow.

<sup>79</sup> There are some 6 mill. drug-addicts in Russia. See Moshes.

<sup>80</sup> Kuznetsov.

<sup>81</sup> Herd, G. P., and Aldis, A. (eds.), *Russian Regions and Regionalism: Strength through Weakness* (London and New York: Routledge Curzon, 2003), p. 59.

<sup>82</sup> Ibid.

<sup>83</sup> Rutland, P., 'Shifting Sands: Russia's economic Development and its Relations with the West', Paper presented at the Marshall Center Conference 'Russia and the West at the Millennium' (Moscow, Oct 2001).

<sup>84</sup> *Strategic Survey* (2004), p. 121.

<sup>85</sup> Tompson, W. 'Possible Russian Development Path and their Implications', Presentation at the Wilton Park Conference WP 802 'Russia: G8 Chairmanship and beyond' (UK, 29 Nov-2 Dec 2005).

<sup>86</sup> Hill, F., 'A land too cold for a free market in energy', in *Financial Times* (17 Oct 2003), p. 21.

<sup>87</sup> Rutland, p. 121.

<sup>88</sup> Tompson, W., 'Possible Russian Development Path and their Implications', Presentation at the Wilton Park Conference WP 802 'Russia: G8 Chairmanship and beyond' (UK, 29 Nov-2 Dec 2005).

<sup>89</sup> In 2003, Russia's oil production rose 11% over 2002 levels to 8.45 mill. barrels per day, second only to Saudi Arabia's. Oil exports also rose to nearly 4.65 mill. barrels per day but export pipeline capacity hindered export growth. See Jones, B., 'Russia and the Former Soviet Space', Testimony of Assistant Secretary of State, (U.S. Congress, International Relations Committee, 18 March 2004).

<sup>90</sup> *Strategic Survey* (2004), p. 121.

<sup>91</sup> Armstrong, G. P., 'Russian Federation/ CIS Weekly SITREP' (27 Jan 2005).

<sup>92</sup> Friedman, G., and Zeihan, P., 'Calculating the Political effects of Falling Oil Prices', Geopolitical Intelligence Report, in *Stratfor* (17 May 2005).

<sup>93</sup> Shevtsova, 'Putin's Russia', p. 62.

<sup>94</sup> Buckley, 'Putin misses a moment'.

<sup>95</sup> Interview with R. Amsterdam, the human rights lawyer, representing Yukos' main shareholder Mikhail Khodorkovsky (Vilnius, 1 Feb 2005).

<sup>96</sup> 'Energeticheskaya strategiya Rossii na period do 2020 goda' [Russia's energy strategy until 2020], approved by the Decree of the Government of the Russian Federation, No. 1234-p (Ministry of Industry and Energy of Russia, 28 Aug 2003); [www.mte.gov.ru/docs/32/103.html](http://www.mte.gov.ru/docs/32/103.html).

<sup>97</sup> *Strategic Survey 2004/5* (Routledge, 2005), p. 153.

<sup>98</sup> Fredholm, M., *The Russian Energy Strategy & Energy Policy: Pipeline Diplomacy or Mutual Dependence?*, CSRC Russian Series, No. 41 (May 2005), pp. 9-10.

<sup>99</sup> Ibid, p. 7.

<sup>100</sup> See *Nefteynok*, No. 5 (2005).

<sup>101</sup> See *Nefteynok*, No. 2 (2005).

<sup>102</sup> The new deposits awaiting exploration lie in eastern Siberia where costs of exploration are particularly high. See *Strategic Survey 2004/5* (Routledge, 2005), p. 152.

<sup>103</sup> Fredholm, p. 36.

<sup>104</sup> Treisman, D. 'Russia Renewed?', in *Foreign Affairs*, Vol. 81, No. 6 (Nov/Dec 2002), p. 59.

<sup>105</sup> Nevertheless, the new president moved rapidly to signal that the terms of the relationship between big business and the Kremlin had changed. This implied giving the oligarchs a demonstration of the state's power and of their own vulnerability. Therefore in 2000 the country's most prominent businessmen found themselves, one by one, under official pressure. The first targets were Vladimir Gusinskiy and Boris Berezovskiy.

<sup>106</sup> Interview with O. Antonenko.

<sup>107</sup> Ibid.

<sup>108</sup> Shevtsova, L., 'Putin's Russia', p. 60.

<sup>109</sup> With an estimated personal wealth of over USD 6 billion. Khodorkovskiy expressed his willingness to participate in the next presidential elections, criticised Putin and financed his political opponents.

<sup>110</sup> 'Taming the robber barons', in *The Economist* (22 May 2004), p. 5.

<sup>111</sup> Interview with O. Antonenko.

<sup>112</sup> Ibid.

<sup>113</sup> Ibid.

<sup>114</sup> Kryshantovskaya, O., and White, S., 'Putin's Militocracy', in *Post-Soviet Affairs*, Vol. 19, No. 4 (Oct-Dec 2003).



- <sup>115</sup> Interview with Prof. D. Polikanov, Director of international relations at the All-Russia Public Opinion Research Centre (Wiston House (West Sussex), UK), 21 Oct 2004.
- <sup>116</sup> Interview with Pavel Erochkin, researcher at the House of Lords, London, 19 July 2004.
- <sup>117</sup> Ibid.
- <sup>118</sup> Interview with R. Amsterdam.
- <sup>119</sup> See V. Putin's address to the Congress of the Russian Union of Industrialists and Entrepreneurs, in *Moscow Times* (17 Nov 2003).
- <sup>120</sup> Tompson, W., 'Property rights', Roundtable Seminar Summary 'Prospects for the Russian Federation: The Predatory Russian State' (Chatham House, June 2004).
- <sup>121</sup> Without the clan structures of the Yeltsin 'family' Putin would not have become president in 2000.
- <sup>122</sup> 'What has Putin's Russia become?' Discussion meeting with Carnegie Senior Associates Lilia Shevtsova, Michael McFaul, Anatol Lieven and Anders Åslund, Carnegie Endowment for International Peace, Washington, D.C. (Sept 23, 2004); <http://www.carnegieendowment.org/files/PutinsRussia09-23-04.pdf>.
- <sup>123</sup> Lieven, A., *Chechnya: Tombstone of Russian power* (New Haven and London, Yale University Press, 1998).
- <sup>124</sup> Sakwa, R., *Putin: Russia's Choice* (London & New York: Routledge, 2004), p. 171.
- <sup>125</sup> Kagarlitsky, B., *Russia under Yeltsin and Putin*, (Pluto Press, 2002), p. 266.
- <sup>126</sup> Baiev, K., 'The scenes at Beslan weren't so unfamiliar', in *International Herald Tribune/Boston Globe* (13 Sept 2004).
- <sup>127</sup> Nichols, T., M., 'Putin's First Two Years: Democracy or Authoritarianism?', in *CDI Russia Weekly* (Oct 2002); <http://www.cdi.org/russia/224-8-pr.cfm>.
- <sup>128</sup> Rybkin, I., 'Towards Peace in Chechnya', Presentation at the Carnegie Endowment for International Peace (23 Oct 2002); <http://www.ceip.org/files/events/events.asp?EventID=525>. Ivan Rybkin is the former speaker of the Russian State Duma and Former secretary of the Russian Security Council on the Russian military involvement in the Chechen war.
- <sup>129</sup> Goldman, p. CRS-3.
- <sup>130</sup> Ibid.
- <sup>131</sup> Nicholson, 'Putin's Russia', p. 875.
- <sup>132</sup> Ibid.
- <sup>133</sup> Rybkin.
- <sup>134</sup> Felgenhauer, P., 'The attack on Moscow', in *Wall Street Journal* (25 Oct 2002).
- <sup>135</sup> About 1,000 people were killed over 2003-2004. See Glasser, S. B., and Baker, P., 'Chechnya War a Deepening Trap for Putin in Confronting Separatists, Russia Relies on Force', in *Washington Post* (13 Sept 2004).
- <sup>136</sup> Taylor, 'Putin's State Building Project'.
- <sup>137</sup> 'Bridging the US-European Perception Gap and Meeting New Challenges', Report on Wilton Park Conference WP302/4 (UK, 21-25 Oct 2002).
- <sup>138</sup> A. Maskhadov had been elected president of Chechnya in 1997, serving until the start of the Second Chechen War in August 1999.
- <sup>139</sup> 'Russia and NATO: strategic partners in response to emerged threats', Talking points for remarks by Sergey Ivanov, Minister of Defence of the Russian Federation (IISS: London, 13 July 2004).
- <sup>140</sup> In 1999, at the very start of the second Chechen war, Putin was appointed as prime minister, and he set the task to rapidly end the war.
- <sup>141</sup> For figures see *The Military Balance* (2003), p. 86; *Nezavisimaya Gazeta* (Oct 25, 2004).
- <sup>142</sup> Kadyrov's militia terrorized many residents, millions of dollars for financing reconstruction disappeared. Refugees complained that compensation was stolen by local officials.
- <sup>143</sup> Wood, T., 'The Case for Chechnya', in *New Left Review* (UK), (Nov-Dec 2004); [www.newleftreview.net](http://www.newleftreview.net).
- <sup>144</sup> *Strategic Survey* 2004/5, p. 152.
- <sup>145</sup> A. Piontkovsky quoted in Remnick, D., 'Prisoners of the Caucasus', in *The New Yorker* (20 Sept 2004).
- <sup>146</sup> Although in Soviet times Russia was a nominal federation in many years, in practice federal subjects got less sovereignty than they were due to, thus, Russia was more or less a unitary state. See Interview with D. Polikanov.
- <sup>147</sup> There are 2.7 mill. people in Japan, 5.3 mill in the U.S., 6.1 mill. in Brazil and 42 mill. in China. The difference between the regions or states is only a few times. See Kolesnichenko, A., 'The ideal is 28 provinces', in *Argumenty i Fakty* (9 June 2004). See also WPS Monitoring Agency: [www.wps.ru/e\\_index.html](http://www.wps.ru/e_index.html).
- <sup>148</sup> Ibid.
- <sup>149</sup> Goble, 'Russia as a Failed State', p. 81.
- <sup>150</sup> Herd, Aldis, p. 20.
- <sup>151</sup> This idea was a revival of a plan that had been expressed in Yeltsin's decree in 1997.
- <sup>152</sup> For the text of the decree see *Rossiyskaya Gazeta* (16 May 2000).
- <sup>153</sup> Herd, Aldis, p. 33.
- <sup>154</sup> The reform meant that members of the Federation Council were no longer to be regional leaders and regional parliamentary chairmen. Each region would instead have two representatives on the federation Council, one from region's executive structures and one from the legislative structures.
- <sup>155</sup> Taylor.



- <sup>156</sup> Territorial principle for the military meant the subordination of command and control to one executive official: unification of logistics, reducing forces. See Isakova, I., 'Regional autonomy: likely and /or desirable?', Discussion at the Wilton Park Conference 'Putin's Russia: Two Years on' (UK, 11-15 March 2002).
- <sup>157</sup> Isakova, I., 'The Regionalisation of Security in Russia', Presentation at the Wilton Park Conference 705 'Russia's Security Policy' (UK, 10-14 March 2003).
- <sup>158</sup> Ibid, p. 65.
- <sup>159</sup> Stoner-Weiss, K., 'Soviet Solutions to Post-Soviet Problems. Has Vladimir Putin Really Strengthened the Federal Centre?', in *PONARS Policy Memo*, No. 283 (Oct 2002).
- <sup>160</sup> According to Stalin's programme of ethnic engineering, 22 non-Russian republics, oblasts and districts have to form 53% of the country's territory even though the titular nationalities involved make up less than 20% of the country's population.
- <sup>161</sup> Goble, 'Russia as a Failed State', p. 81.
- <sup>162</sup> There are about 15 self-sustained regions, other get subsidies from the federal budget. People, especially in the poor regions, support the idea of a unitary state. See interview with D. Polikanov.
- <sup>163</sup> Treisman, p. 62.
- <sup>164</sup> Interview with A. Goltz, Moscow-based military analyst, Wiston House (West Sussex), UK, 20 Oct 2004.
- <sup>165</sup> Kornia, A., Latukhina, K. Romancheva, I., 'A unitary state with military bureaucracy', in *Nezavisimaya Gazeta* (14 Sept 2004); see also WPS Monitoring Agency: [www.wps.ru/e\\_index.html](http://www.wps.ru/e_index.html).
- <sup>166</sup> Treisman, p. 62.
- <sup>167</sup> There is an idea of the new administrative territorial division of Russia: to reduce the number of regions from 89 to 28. See Kolesnichenko and WPS Monitoring Agency; [www.wps.ru/e\\_index.html](http://www.wps.ru/e_index.html).
- <sup>168</sup> 'Vladimir who?', in *The Economist* (11-17 Feb 2006), p. 29.
- <sup>169</sup> Shevtsova, 'Putin's Russia', p. 64.
- <sup>170</sup> 'What has Putin's Russia become?'
- <sup>171</sup> Ibid.
- <sup>172</sup> Ivanchenko, A., Ryzhkov, V., and Salmin. A., 'Vperiod v proshloe ili nazad v buduchee?' [Forward to the past or back to the future?], in *Nezavisimaya Gazeta* (18 Jan 2001).
- <sup>173</sup> Shevtsova, 'Putin's Russia', p. 65.
- <sup>174</sup> 'The Americans are interested in future prospects', in *Nezavisimaya Gazeta* (17 March, 2004).
- <sup>175</sup> Interview with O. Antonneko.
- <sup>176</sup> Other objectives include establishing a 'normal' two-party system and a form of compassion for the people, although there can still be minimal reforms in favour of ordinary citizens. See 'The Americans are interested in future prospects'.
- <sup>177</sup> Shevtsova, 'Putin's Russia', p. 66.
- <sup>178</sup> Shevtsova quoted in Kostyukov, A., 'Fortress on Sand', in *Nezavisimaya Gazeta* (27 Sept 2004); see also WPS Monitoring Agency: [www.wps.ru/e\\_index.html](http://www.wps.ru/e_index.html).
- <sup>179</sup> Ibid.
- <sup>180</sup> Herspring, D. R. (ed.), *Putin's Russia: Past Imperfect, Future Uncertain* (Rowman & Littlefield Publishers, Inc., 2003), 259.
- <sup>181</sup> Braithwaite, 'Russia under Putin'.
- <sup>182</sup> Ibid.
- <sup>183</sup> 'What has Putin's Russia become?'
- <sup>184</sup> Ibid.
- <sup>185</sup> Shevtsova, L., 'Putin's Dilemma: To Stabilise or To Transform?'; <http://www.ceip.org/files/publications/2003-01-13-shevtsova-mt.asp>
- <sup>186</sup> Medvedev, S., 'What does Russia want? Outlook for the next decade', Presentation at the Wilton Park conference WP 764 'Russia: Towards True Partnership with the West' (UK, 18-22 Oct 2004).



## **CHAPTER 4**

### **FOREIGN AND DEFENCE POLICY UNDER PUTIN (2000-2006)**

The purpose of this chapter is to assess the development of foreign and defence policy during Putin's presidency since he took office in 2000 up to 2006. As the subject of the thesis is Russia's European agenda, this assessment tends to confine itself by the European context. However, Russian-European relationship has a very strong U.S. dimension; the United States is deeply involved in many European-based issues. Therefore it is impossible to analyse the trends of Russia's foreign policy without taking into account her relations with the U.S.

In identifying the key trends of Russian foreign and defence policy the author seeks to evaluate policy changes by measuring the key aspects of the Putin administration's performance against that of Yeltsin. This is done through a search for answers to more specific questions. What is the strategic direction of Russian foreign policy? How does it interact with the goals of the two Western power centres – the United States and the European Union? What are the objectives of Russia's policy in post-Soviet space? What – convergence or alienation – does evolve Russia's dialogue with the West (EU and U.S.)? With regard to the evolution of Russian defence policy the following aspects are important: the perception of threats, the changes in the Russian military doctrine and the nature of military reform.

#### **4.1. Russia's power cycle (the Knudsen model)**

Foreign policy resources available for any state may be defined as material (territorial-geographic, economic, military) and non-material (social-psychological, ideological and informational).<sup>1</sup> With reference to the Knudsen model, a sum total of a state's resources devoted to her external activities reflects a state's power cycle – the degree of extroversion/introversion in her foreign policy.<sup>2</sup> The description of Russia's foreign policy resources, provided for in Table 1, allows us to make two observations. First, Russia has been in introvert phase during the whole post-Cold War period of her evolution. Second, although currently Russia has comparatively good potential, she does not devote many resources towards the realisation of her foreign policy.

As the former great power, Russia is going through one of the most difficult periods of her development. Russia possesses a vast territory, but her borders are not safe: she feels increasing pressure from the South (Muslim world), the East (China) and the West (NATO expansion). Whatever the international structure, the ability of a state to play an active role is linked to its military and economic capabilities. Military power is traditionally assumed to be a prime shaper of foreign policy because it is the most immediately employable asset for protecting the population, controlling territory and coercing others. Russia's military capabilities permit her to dominate only at regional level, i.e. in the CIS area at the best. But as the war in Chechnya shows, Russia is



unable to cope with problems even there. Nuclear weapons, albeit favoured in Russia's political-military establishment, are losing their relevance in the contemporary world. As far as Russia's economic capabilities are concerned, her economic power does not reach the level of a medium state. Meanwhile in the contemporary world economic standing is the basis for a great power to demonstrate its influence. Russia's non-material foreign policy resources are also not in the best shape; they are in the process of continued transformation. Being unable to accept the changed geopolitical situation after the collapse of the USSR, Russia still finds difficult to define her place in the world. So far she has been trying to accommodate herself to the existing environment rather than to establish her own policy line. Moscow has worked out neither a long-term strategy for Russian foreign policy nor, even more important, a long-term strategy for her social-economic development.<sup>3</sup>

Table 1. Resources of Russian foreign policy<sup>4</sup>

<i>Type of resources</i>	<i>Description of resources</i>
<i>Material</i>	
<i>Territorial-geographic</i>	1) Current Russia's territory is far smaller than that of the USSR; 2) Limited access to the Black, Mediterranean and Baltic Seas; 3) Inability to consolidate her influence in the former Soviet countries.
<i>Demographic</i>	1) Decrease of population – from 288,6 million (1990) to the current approx. 143 million; 2) Decline of birth rate and aging of the population.
<i>Economic</i>	1) Limited economic possibilities (Russia's GDP equals that of small states); 2) Economic vulnerability (Russia is energy resource-exporting economy); 3) Business oligarchs and other clans; 4) Problems in military industry (R&D resumed only recently; decreasing number of clients).
<i>Military</i>	1) Declining importance of nuclear weapons on the world stage; 2) Current level of development of military forces do not allow Russia to dominate on European or Asian theatres; 3) There are neither strong allies nor system of legal agreements (except the CIS).
<i>Non-material</i>	
<i>Social-psychological</i>	1) Eclectic world view
<i>Ideological</i>	1) Russia is not able to offer a new ideology on world perception and order; 2) There is no coherent foreign policy: neither Western liberal nor Eurasianist ideas were taken up in Russia.
<i>Informational</i>	1) Russia increasingly becomes object rather than subject of intensive flow of information; 2) Lagging behind in the development of information technologies.



Although Russia's power cycle during the entire post-Soviet period is characterised as introvert phase, it may be divided into shorter periods. According to Gilpin, as shown in figure 1, great powers seem to go through cycles of power, proceeding 'from internal growth to external expansion to overextension and subsequent decline'.<sup>5</sup> A great power, due to its accumulated internal strength, reaches the most extrovert phase - external expansion. In this stage, not only are small states squeezed, tension is also likely to rise between a great power and its rivals. Later on, a great power overextends (as it happened with the Soviet Union), becomes unable to meet challengers and gradually starts weakening. This also is the beginning of introvert phase, where a great power is weak.

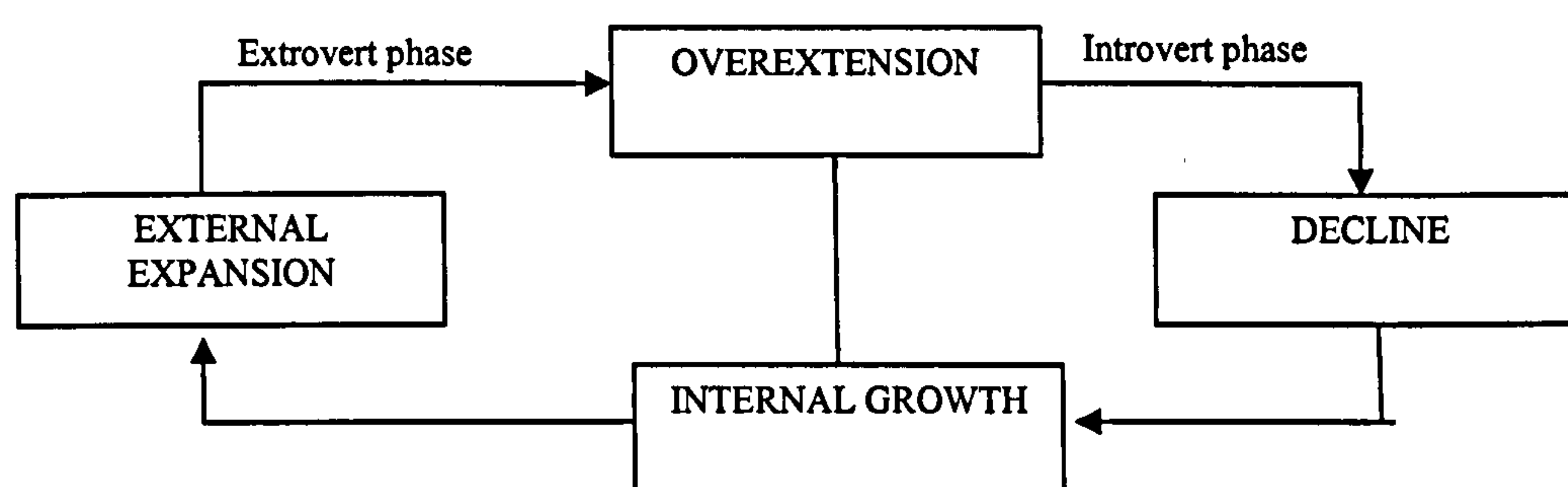


Figure 1. Power cycles of a great power<sup>6</sup>

Russia's post-Cold War evolution may be divided into two periods: the Yeltsin period and the Putin period. In Yeltsin's time there was an obvious weakening of Russia: troop withdrawal from the former Warsaw Pact and the Baltic countries, first round of NATO's expansion, the 1998 financial meltdown, and the Kosovo crisis. Under Putin Russia's policy became much more rational and pragmatic. But it needs to be determined whether this still constitutes the weakening of Russia or the beginning of internal growth. On the one hand, the biggest of Putin's achievements is Russia's stabilisation: the halted disintegration of the state; curtailed activities and influence of oligarchs, improvement of investment conditions, some degree of liberalisation of economy, big public support, and non-confrontational foreign policy. These positive developments may lead to a conclusion that Russia's weakening was stopped. On the other hand, this could be only a temporary improvement: economic growth is largely related to the growing world prices of oil as opposed to structural reforms, and Putin's romance with the West has proved short-lived, let alone authoritarian modernisation within the state, which pushes Russia back towards pre-modernity.

To sum up, both international environment and Russia's own (material and non-material) foreign policy resources limit the development of the country's foreign policy. The parameters of Russian foreign policy actions were set primarily by her weak economy and the poor state of her military. To a large extent, Russia's economic problems explain why her government could not have pursued expansive neo-imperialist projects even if it had wanted to. Under Vladimir Putin, Russian foreign



policy began to take better heed of limits of its domestic material and non-material resources. As a result, Russia became noticeably more pragmatic in foreign affairs.

## 4.2. Foreign policy priorities

### 4.2.1. *Defining the place in the international system*

Under Yeltsin, Russia had neither the resources nor the ability to pursue a coherent foreign policy, which lurched between accommodation and confrontation, with Moscow 'gripped by wrenching domestic reform and anti-Americanism'.<sup>7</sup> Russian foreign policy had grown assertive, fuelled in part by frustration over the gap between Russia's self-image as the world power and her greatly diminished capabilities.

Putin took office when the state's weaknesses were distinctly exposed, culminating with the Kosovo crisis and Russia's isolation at the OSCE Istanbul summit in November 1999. Russia lacked faith in her own powers, inner confidence in the correctness of her own positions, and readiness to make serious foreign policy decisions with long-term consequences for the future of the nation. Moreover, Russia's weight as a regional power has been challenged not just in Europe. Russia has seen her influence diminish among the CIS states, and could hardly claim to be a major actor in the affairs of other proximate regions.<sup>8</sup> The sentiment, prevailing among Russian military and political elites, not least among the Russian population, was anti-Western and anti-NATO. The consolidation and expansion of Western structures were perceived as 'seriously undermining Russia's ability to influence developments in the Euro-Atlantic region', as Russia remained outside them, most notably the European Union and NATO.<sup>9</sup> Furthermore, the growing anti-Western rhetoric was apparently leading to a growing isolation of the state and reinforced the tendencies of self-isolation.<sup>10</sup> Vladimir Putin, basing on the experience of his predecessors, could have drawn the conclusion: it is senseless to embark on a conflicting policy towards the West.

It fell to Putin, as president, to define Russia's place in the international system, which is undergoing transformation. The international system, based on the primacy of sovereign states and the central role of the United Nations in governing international relations, is weakening. The UN itself, as the central organisation of the contemporary world order, has been facing a crisis. For Russia, the UN crisis is a challenge, since her membership of the UN Security Council is a principal source of political influence. The United States remains the world's leader in terms of economic potential, human resource quality, innovation capabilities and military might, including the readiness to use it. Globalisation was also developing in its myriad forms, widening the gap between wealthy and poor countries. According to Sergey Karaganov, Chairman of the Council on Foreign and Defence Policy (CFDP) in Moscow, there are now three major groups of states in the world: core states, transitional states (which include Russia) and peripheral states and territories. The latter include failed states (numbering several dozen) and failing states (their number is greater). Russia is a borderline state, in the south neighbouring a group of failing or failed states in the former USSR.<sup>11</sup>



How can Russia accommodate herself to the current international landscape? Putin's Russia should have a more realistic sense of her own weakness: she is a global power only due to her vastness, and in the narrow sense - due to her 'decaying stock of all-but-unusable nuclear warheads'.<sup>12</sup> In every other respect, she is at best a medium-sized power. When the country's economy is of the size of the Netherlands and its budget (USD 55-60bn) is equal to that of Finland, she simply cannot afford imperial policy.<sup>13</sup> Who are the Russians, and where does the country belong – with the West, with the East or somewhere in between ('the West and the rest')? Russia is a very controversial country, nevertheless, some logic may be traced. Given that she is more or less ethnically a Russian state, Russia is not a nation state in a purely European definition.<sup>14</sup>

In contrast to many Russian leaders, who have subordinated the country's domestic resources to her imperial ambitions, Putin's foreign policy is dictated by internal demands, an awareness of the systemic crisis (the August 1998 financial crisis was only one year prior to his taking office), and a sense of a competitive pressure of globalisation. His approach was based on the link between domestic and foreign policy: Putin needed to solicit support of the West for his domestic reformist project, creating a friendly and predictable environment and demonstrating that Russia is trustworthy player in the world affairs.

According to Medvedev, there are four imperatives shaping Russia's foreign policy. First, the resource imperative: Russia lacks resources to fulfil her traditional global role, while her residual global levers, such as nuclear weapons and the seat in the Security Council of the UN are becoming increasingly inadequate. Second, the domestic imperative: the necessity of internal reform plays a major role in formulating foreign policy. Third, the economic imperative: Russia is gradually becoming integrated into global markets. Fourth, the institutional imperative: Russia is increasingly compelled to shape her foreign policy in terms of international institutions, such as NATO, the EU, and the WTO.<sup>15</sup>

#### *4.2.2. Economic or geopolitical priorities?*

Since his accession to power, Putin has been widely described as a proponent of the primacy of economic priorities. This thesis, nevertheless, needs clarification. Here it is important to 'distinguish between means and ends, and between presentation and substance'.<sup>16</sup> The most significant strategic feature of foreign policy under Putin has been, as Lo put it, its 'securitization'. In this context it has three things. First, literally, it means the enhanced role of the security apparatus in foreign policy making – both at the individual level and institutionally - and the impact it has on Russia's conduct of international affairs. Second, it emphasises the primacy of political-military over economic priorities. The latter's growing importance notwithstanding, it is the former, which is at the heart of the agenda. Although geopolitical triad - 'balance of power', 'zero sum', 'sphere of influence'- and other notions are abandoned in Moscow's official lexicon, their spirit permeates much of the current Russian foreign policy. Third is the assertive, albeit often 'disguised by a modesty of presentation', approach of the Putin administration. It is reflected in the interplay between explicit security objectives and economic interests, where the pursuit of supposedly economic objectives become the instrument for projecting Russia's strategic influence and even her revival as a 'great



power'.<sup>17</sup> Above all, the issues dominating Putin's agenda were hard security issues: first, terrorism, domestic and international, and its implications for territorial integrity; second, American unilateralism in developing a national missile defence system, implementation of the pre-emptive doctrine, as well as their impact on Russia's security and the overall strategic stability; third, Moscow's policy in the 'near abroad'.

At first glance, the existence of the parallel tendencies – the geopolitical and the geo-economic – might seem to signal normalisation of Russian foreign policy. Indeed, there has emerged, compared with the Yeltsin era, a more balanced foreign policy, but not in the conventional Western sense. The paradox is that this parallelism, rather than intensifying the process of economisation, in reality resulted in 'securitization' or 'geopolitisation' of economic priorities.<sup>18</sup> There has been a pronounced shift towards economic priorities at home and abroad, driven by several reasons: the belief that Russia cannot be a great power without a strong economic base; the profit motive; the utility of economic means to achieve political and security goals, such as the projection of geo-economic power (through energy pipelines) and exercising influence in the FSU.

That said, for Putin the prominence of economic factors does not mean that Russia must reconcile herself to modest international status – to become a merely 'normal' nation state. Although he seems to understand that currently the country's economic status and well-being of the Russian population are more important than its 'greatness syndrome',<sup>19</sup> his hope in the long run is to see Russia being 'reincarnated as a superpower'.<sup>20</sup> To this end Russia is determined to use all available resources to become more economically competitive, precisely in order to be able to play her inherent great power role. Putin believes that Russia deserves grandeur: a long-term perspective is worth short-term sacrifices.<sup>21</sup>

In this sense Putin showed himself as a pragmatic modern realist, preparing a major conceptual change step by step. Unlike his predecessors, Putin is not satisfied only with managing Russia's decline. The fundamental goals of his foreign policy are to rebuild Russian economy and ensure Eurasian stability. He knows that the measure of 21<sup>st</sup> century's influence will be economic growth, therefore his strategic goal is to get Russia into the world's premier trading club – the WTO. He also realises that Russia needs good relations with the West to receive support in achieving this goal and to stand even a chance of gaining the investment and know-how necessary to catch up. This explains his efforts in expanding Russia's ties with Western Europe and the United States, but in any case not abandoning his long-term aim of undermining Western solidarity. For Putin and many in the Russian political elite, the stronger Russia is in Europe, the more diluted is the presence of the United States. Put another way, Moscow's objective is not a strong Europe *per se* but one which is able to counterbalance unilateral tendencies in Washington's decision making.<sup>22</sup>

Furthermore, in contrast to Yeltsin, the Putin administration has been successful in supplementing rhetoric with concrete policy action: be it American withdrawal from the 1972 Anti-Ballistic Missiles (ABM) treaty, NATO enlargement eastwards, U.S. bases in Central Asia, and others. Certainly, Putin's most important foreign policy tactics has been to show Russia as a normal power with which, to borrow the phrase of the former British Prime Minister, Margaret Thatcher, 'one can do business'.<sup>23</sup> In other words,



Russia seeks to be a part of the solution rather than a part of the problem. Putin has a clear policy towards external relations – to avoid confrontation with the West, to make Russia immune from criticism and pressure from the West and to sell Putin's Russia to the West (without applying Western standards).

As under Yeltsin, Russia's foreign policy has become an extension of domestic imperatives, but in a different way. By stressing the internal problems as an origin of the country's weakness and not putting the blame on the West but on Russia herself, Putin has contributed to a better understanding of Russia as a major regional power, and, in a sense, has abandoned the concept of Russia as a 'great power' pursuing global interests. All in all, Russian foreign policy, to quote Lo, 'reflects Putin's personal style, background and instincts'.<sup>24</sup>

Putin's overriding foreign policy objectives seems to be building a stable international framework for a pragmatic Russian foreign policy: 'to provide maximum guarantees for trade and economic activity through the network of international institutions and agreements'.<sup>25</sup> His policy is not pro-Western but pro-Russian and is driven by 'enlightened self-interest': he needs the West for Russia to succeed in a globalising world.<sup>26</sup> It is not that under Putin a policy of 'national interest' based on 'pragmatism' has become more easily identifiable, but that the Kremlin pretends that this is really the case. In fact, Putin just modifies Primakov's multi-polar world strategy. The emphasis of Putin's political line points not towards the direct blocking of U.S. power but rather toward the diplomatic game in the concert of great powers, where Putin himself appears as a good player.

It should be noted that for the first time in the Russian history, Russia's national interest is not directly linked to 'sheer power and territorial control' but rather to domestic reform. Some political scientists argue that Putin is trying to reverse the traditional paradigm (realist thinking) of Soviet/Russian foreign policy. The traditional paradigm is that control of national territory is the overriding strategic objective, and alliances, treaties and norms are tactical objectives. In their view, Putin is reformulating national interest from 'spatial to functional definition'<sup>27</sup>, what the French analyst Paul Virilio defined as 'deterritorialisation'.<sup>28</sup> Medvedev claims that Putin sees territory as a tactical resource, and alliance with the West as a strategic goal.<sup>29</sup> The thesis will show there is no such paradigm shift; the Putin regime in executing its external policy was not able to step across the boundaries of neo-realism.

### **4.3. Multi-polarity and Eurasianism**

#### *4.3.1. Schools of thought of Russian foreign policy*

Since the Soviet period, the three major schools of thought relating to external relations can be identified in Russia: *Atlanticism* (liberal Westernism), *Eurasianism* (pragmatic nationalism) and *neo-Eurasianism* (fundamental nationalism).<sup>30</sup> In order to identify the nature of Russian foreign policy, it is crucial to look at the domestic debate and ideas that form the line of foreign policy in today's Russia.



The postulates of *Atlanticism* were dominant in the Russian foreign policy thinking in the 1980s and early 1990s. Gorbachev's doctrine of 'new political thinking' and the Kozyrev doctrine (see 2.4.2) are typical examples of this mindset. Its basic principle is: the Western model of liberal democracy and market economy, if adopted rapidly and decisively, should generate Russia's economic revival and attract foreign investments.

*Eurasianism* has become very popular during the period of Russian society's painful transformation and search for its own identity since the early 1990s. After the disintegration of the USSR, the search for a new proper geopolitical paradigm of Russia's foreign policy became an essential element of most policy publications. The contemporary Eurasian vision – overestimation of Eurasia as an essential player in world politics – is based on geographical determination and political-economic mission of Russia to keep the balance between the West and the East.<sup>31</sup>

*Neo-Eurasianism* combines ideas developed by Russian classical geopolitical authors with elements of traditional Western geopolitics. Contemporary neo-Eurasianists have significantly modified the model of the first half of the 20<sup>th</sup> century, which artificially reduced the world political process to a clash between adherents of *Atlanticism* and *Continentalism*. The current neo-Eurasianist model is in essence critical geopolitics. Albeit having strong anti-American perceptions, it allows a strategic compromise with Europe and other non-Slavic states, provided these states are anti-American. Critical geopolitics is based on the importance of political space, natural resources, military power and direct control of territory. It is possible to defend national interests by building military and political blocks. As the result, the trans-Eurasian geopolitical system is to be shaped either as a quadrangle, taking in the Berlin-Moscow-Tokyo-Tehran axis (A. Dugin's version) or as the Berlin-Moscow-Beijing -Tehran – Delhi axis (L. Ivashov's version).<sup>32</sup>

Although Russian foreign policy stays firmly in President Putin's hands the fact that elements of all traditional Russian schools of thought appear in his policies suggests that he does respond to domestic influences. Table 2 demonstrates that Putin's current foreign policy has elements of each of the three schools, though less from *neo-Eurasianism*. The rise and fall of each foreign policy orientation would be an interesting study on its own. Each of them has had its success and its failures. In Putin's foreign policy rhetoric Russian identity is linked strongly to European identity but it also acknowledged the importance of ethnic Russians and Russia's role of ensuring their minority rights (especially in the Baltic States). In his speeches targeted towards the whole nation Putin stresses historical aspects, which were absent in Yeltsin's time.<sup>33</sup>

As far as the break up of the Soviet Union is concerned, Putin does not much address this question but he does acknowledge that there was also something positive about Soviet society. His famous quote that the break up of the Soviet Union is the 'biggest geopolitical disaster'<sup>34</sup> for Russia perfectly confirms this line of thinking. In fact, it poses two questions: does Putin want the Soviet Union to come back or does it mean that Russia is badly shaken by the collapse of the USSR and needs more time to resettle?



It is quite clear that in Putin's foreign policy the worldview and self-perception comes from Eurasianist school of thought. The balance of power is articulated in the Foreign Policy Concept (signed by Putin in 2000) by the notion of multi-polarity.<sup>35</sup> Regarding a foreign policy mission, it has been argued inside the Russian elite that Russia should act as an intermediary between Europe and Asia.<sup>36</sup> There have also been suggestions that the West should use Russia as mediator: Russia has diplomatic skills and good connections with states that do not even talk to Western countries. Today it is quite obvious that Russia is seeking to gain her influence in part through the role of a mediator.

Putin's foreign policy line has laid strong stress on the Western orientation but following the cooling of Russia's relations with the West there has been more talk about Russia's 'own path'. Threat perceptions in Russia are also following the same trend but are leaning more towards neo-Eurasianist line with its anti-Western tendencies. Putin's official line does not seem to support these extreme views but sometimes still employs this type of rhetoric to shake the West.

There appears to be a certain amount of rivalry between different factions in the presidential administration, one putting emphasis on the Western orientation, the other – on the FSU.<sup>37</sup> But there is also no compelling reason to suppose that these directions are in contradiction with each other. Russia wants to pursue closer relations and integration with the West and simultaneously to maintain a sphere of influence in the 'near abroad'.

Table 2. Schools of thought of Russian foreign policy<sup>38</sup>

<i>Categories of ideas and foreign policies</i>	<i>Atlanticism</i>	<i>Eurasianism</i>	<i>Neo-Eurasianism</i>
Identity (who are the Russians?)	Civic: Russians and Europeans	Linguistic: Russian speakers in the FSU	Union: ethnic Russians or Slavs in the FSU
History	No use	Important	Crucial
Collapse of the USSR	Positive	Negative	Negative/ blame the West
Russia's borders (size)	Russian Federation	Russia (and parts of the FSU)	Russia including parts of the FSU/RF
Worldview	Peaceful, non-antagonistic	Balance of power	Hostile, surrounded by enemies
Geography	West	Eurasia	Eurasia
Self-perception	Normal power	Great power with own interests	Great power usually with empire
Mission (Russian idea)	No mission	Unique geopolitical mission	Historical divine mission, civilisational bridge



<i>Categories of ideas and foreign policies</i>	<i>Atlanticism</i>	<i>Eurasianism</i>	<i>Neo-Eurasianism</i>
Foreign policy direction	West	Own path	Expansionism or isolationism
Threats	Communism	Any which threatens interests in the FSU (Russian <i>diaspora</i> , NATO expansion)	West/pan Turkic
Policy proposals towards the FSU	Support of sovereignty, non-interference	Protect Russian interests/support rights for Russians in the ‘near abroad’	Future re-incorporation of certain FSU areas/isolationism

Irina Isakova, an Associate Fellow at RUSI and Specialist Adviser on Russia and the FSU to the House of Commons Defence Committee, argues that Putin’s foreign policy model is marked as a revision of traditional *Eurasianism*. The traditional interpretation of *Eurasianism* sees Russia as the ‘ultimate world-island state’, apart from and hostile to the maritime Euro-Atlantic world. Meanwhile the current vision of the Putin administration of the 21<sup>st</sup> century mission for Russia is based on a contrary assumption of critical geopolitics. It states that the unique geo-strategic place of the state provides conditions for its economic revival, opportunities for engaging in the regional institutions and security arrangements and, eventually, for the increase of the geo-economic influence of the state as a world player.<sup>39</sup> This school of thought argues that perception of relations between states matters more than actual territory. Thus, in the 21<sup>st</sup> century more than ever before *Eurasianism* becomes a version of the engagement strategy for Russia. Despite the fact that it has many similarities to traditional *neo-Eurasianism*, this model has one significant difference: their supporters do not have any political preferences towards potential allies; everything is determined by specific conditions and circumstances.

#### 4.3.2. Relevance of multi-polarity

A theme, prevailing in Russian political discourse, is criticism of ‘uni-polarity’, which became particularly insistent after the Kosovo crisis. Since other Western countries tended to follow the American lead, Russians became extremely bitter about uni-polarity, which, they believed, ‘the United States wished to impose upon the international system’.<sup>40</sup> In Russia’s Foreign Policy Concept of 2000, uni-polarity was defined as a world structured around ‘the economic and power domination of the United States’. This contrasted to the multi-polar system that Russia seeks to achieve, which reflects ‘the diversity of the modern world with its great variety of interests.’<sup>41</sup>

Karaganov is of the opinion that first of all it would be advisable for Russia to follow more moderate policy, focussing on strengthening the economy, rebuilding the state, establishing favourable economic relations with the leading Western countries, and only then try to challenge the West.<sup>42</sup> Arguing largely against multi-polarity, he emphasised



that Russia's National Security Concept (see 2.3: National Security Concept and Military Doctrine) had not properly taken into account globalisation and geo-economy of the 21<sup>st</sup> century. What is more, multi-polarity requires Russia to pursue a great power policy that is beyond the country's economic resources. Such a political course may lead to confrontation with the West, first of all, with the United States, which would be counter-productive for Russia. Finally, he points out that Russia is the weakening pole, therefore by legitimising this fact even conceptually she only marginalizes herself.<sup>43</sup>

As an alternative to multi-polarity, Karaganov proposed a concept of 'selective engagement' or concept of 'concentration' that requires considerable revision of Russia's strategic priorities.<sup>44</sup> In his view, the first priority is economic growth, and the prerequisite for this is the integration into the world economy. Russia also should abandon her aspiration of being a great power, and her foreign policy should avoid confrontations, especially with countries which are important for Russia's economic development.<sup>45</sup> One of the key objectives of Russian foreign policy is to attract foreign investment, which, in turn, requires large-scale internal reform. By and large, Karaganov's ideas reflect a much more realistic view of Russia's place and the possibilities in the international system. This mindset, to a certain extent, is incorporated in Russia's Foreign Policy Concept.

The Concept focuses above all on an economically driven set of priorities: to seek membership of the WTO, to take part in regional economic cooperation and the development of a dialogue with EU countries, and to attract foreign investment and Western technology. It considers a 'fundamental task' of foreign policy to be the 'creation of favourable external conditions for the progressive development of Russia'.<sup>46</sup> Nevertheless, illustrating the impact of the Kosovo crisis, the Concept accentuates such themes as adverse consequences of U.S. uni-polar domination at the expense of multilateral structures and mechanisms, in particular the UN, and the corresponding importance of multi-polarity and collective security. On the whole, the Concept advocates a consistent and predictable foreign policy, based on 'mutually advantageous pragmatism' and a reasonable balance between objectives and the possibilities of achieving them.<sup>47</sup>

That said, is multi-polarity still relevant for Russia, taking into account the contemporary setting of the world, especially given other powerful factors at work, such as globalisation? If that is the case, is it a sign of how things stand, or a goal that Russia might seek to attain? Lo argues that Moscow seeks the formation of a world order based on 'cooperative multi-polarity'.<sup>48</sup> This would resemble the 19<sup>th</sup> century 'Concert' of great powers whereby a few key players – the United States, Western Europe, China, Russia – would manage international affairs through institutions such as the UN Security Council and the Group of Eight (G8), as well as through bilateral 'strategic partnerships'. Judging from practical policy outcomes, one could hardly overlook the fact that Putin, albeit avoiding the rhetoric of multi-polarity, in many respects has pursued a far more diversified and multi-polar approach than his predecessor. Very illuminating in this respect are his reciprocal high-level visits and meetings, covering all the major centres of regional and global power: the U.S. and Western Europe, China, Japan, India, Iran. Moscow's whole approach has been about having as many options as possible. Putin managed to reject the notion that Moscow needs to choose between the



East and West, stating that 'a power with geopolitical position like Russia has national interests everywhere'.<sup>49</sup> Such supposedly 'globalist' view served Putin perfectly in conveying the message of 'normality and reasonableness'- what the West expects from Russia.<sup>50</sup> This tactic of Putin is in sharp contrast to that of Yeltsin, who was inclined to simulate the idea of Russia as a 'great power' as a reward for her no longer being one.

On the whole, the Putin administration succeeded in pursuing a policy course similar to that of Yeltsin but in non-confrontational way: by minimising critical references to the West and referring to the processes of 'globalisation' or a 'multi-vector' approach rather than to 'multi-polarity'. According to Shevtsova, this notion means a few things: first, a retreat from integrating Russia into the Western community in the near term; second, further correlation of ambitions with limited resources; third, an unwillingness to have confrontations with the West; and fourth, an attempt to assure Russia a dominant role in the former Soviet space but by more flexible methods than under Yeltsin.<sup>51</sup> All this shows nothing else but little altered Russia's self-perceptions and ambitions towards multi-polarity; Moscow has only refined its tactics without revising its strategic thinking and objectives.

President Putin's 'major diplomatic swing' through Central Asia in June 2004 was not only in line with the 'multi-vector' approach but it also reveals a great deal more.<sup>52</sup> The meeting of the heads of states of the Shanghai Cooperation Organization (SCO) in Tashkent, Uzbekistan, to raise the profile of this organisation, followed by the summits in Kazakhstan's capital Astana of the Russia-dominated Collective Security Treaty Organization (CSTO) and Eurasian Economic Community (EEC) to strengthen economic ties and expand military cooperation, was a perfect illustration of the strengthening of Russia's position in Central Asia. This confirms that Putin, while playing down the multi-polar world rhetoric, is in fact actively pursuing this objective, creating a system of counter balances to the American presence in Central Asia. The SCO, which includes a rapidly growing giant – China, is said to be a key element of this system. The CIS, and now the EEC, the SCO and the CSTO – all represent attempts to recreate the Eurasian heartland, which, in turn, implies the return of Eurasianism in Russia's foreign policy.

It was already mentioned in this chapter that the top of Russia's intellectual elite, including the Kremlin, are enthusiastic Eurasianists. Suffice it to recall one of Putin's most popular expressions that Russia has always seen herself a Eurasian country. *Eurasianism* is a powerful concept capable of oiling the Kremlin machine for ages. It appeals to educated nationalists, and most of all it appeals to the vast majority of underprivileged voters, who want nothing but law and order, security, some prosperity and the sense of belonging to a great world power (all themes of Putin's platform). *Eurasianism* appeals because it is not xenophobic: it is inclusive. It is not anti-Islamic and not anti-Semitic. Putin is certainly clever enough not to pose overtly as an Eurasianist. But the fact is that his circle is incorporating the neo-Eurasianist worldview: the opinions expressed by such proponents as A. Dugin, L. Ivashov and Y. Tikhomirov have not lost their relevance in Putin's agenda.<sup>53</sup>

Eurasianists are more than glad that Putin's foreign policy has enshrined two central goals: to restore Russian supremacy in the 'near abroad', and to balance international



relations by an Eurasian perspective, following the prescription by Primakov, much admired by Putin. This means closer relations with China, India and Iran, and a more incisive Russian presence in the Middle East. However, the Russian leadership has to deal with the world as it is, and to take into account the current balance of power between Russia and other major powers. A permanent balancing between the American and European directions answers the interests of the Russian Federation. The Russian leadership has had to accept that Moscow cannot control her traditional 'heartland'. The 'colour revolutions' in some FSU states have further complicated the task of re-establishing the 'heartland'. The problem that Russia faces is that other states in Eurasia may not be inclined to share Russia's 'heartland' concept. At a meeting of Russian ambassadors in July 2004, Putin acknowledged that Russia did not have a monopoly in the post-Soviet space.<sup>54</sup>

All in all, Putin clearly realises the necessity to actively engage with the West, nevertheless, Moscow's dissatisfaction with Washington's unilateral attempts to deal with the world or EU's tough line on Russia have played a part in Russia's enduring emphasis on multi-polarity. However, Putin's endeavours to intensify relations with the EU and its member states, his policy course towards NATO and the U.S., promotion of multi-lateral *fora*, redesigning relations with the CIS, as well as cooperation with China, India and Iran, have been different from his predecessors.<sup>55</sup> Although partly continuing Primakov's foreign policy traditions of co-operation with 'non-Western' countries, largely as a counterweight to the Western direction, Putin's policies vis-à-vis them became more balanced: Russia today cannot afford to allow these relationships to take the lead.

#### 4.4. New Russian foreign policy?

The task of this section is to discuss new aspects and features of Russia's foreign policy under Putin. Is it new in its substance, conduct or presentation? What are new driving factors in Putin's foreign policy? On the whole, to what extent is it important for Russia's international status? The answers to these questions will be evaluated in comparison with Yeltsin's foreign policy.

This section will argue that the progress in Russian-Western relations is more evident in the way in which Moscow conducted policy towards the West rather than in terms of substantive action on contentious issues. It is the realm of style and presentation, where the differences between pre- and post-9/11 are considerable. This dissertation will show in later chapters that Russia's behaviour in the international arena and in post-Soviet space has perfectly validated the conclusion that Russia's rapprochement with the West in the wake of 9/11 is pure pragmatism rather than revolutionary change in her foreign policy.

Broadly speaking, there are three interest groupings in Russia's political establishment that have their own perspectives in respect of the country's foreign and security policy: military/security establishment, economic/cooperative establishment and the Kremlin/presidential administration.<sup>56</sup> First, the security-based (realist) approach, represented by the *siloviki*, states that Russia's foreign policy is to be shaped by hard



security threats and concerns, and has the aim of balancing them. Second, the economic/cooperative (liberal) perspective, in contrast to the previous one, is seeking to make Russia a part of the global system of the world. Third, the Kremlin's view combines the previous two but is more under the influence of the *siloviki*. Albeit presenting a modern approach - building 'a strong and economically vigorous state with the clear aim of joining a globalised economic system',<sup>57</sup> it professes a security-based thinking. A key thing here is how Russia is seen in the eyes of the West. Put another way, Putin (the Kremlin) looks at selective integration on a case-by-case basis in becoming part of globalised economy. Globalisation brings new aspects to be followed: information, image, and cooperation.

It should be stressed that the Putin's circle is far from sharing a liberal perspective based on institutional cooperation which increases absolute gains. Putin is a traditional realist in seeing security as essential to the vigour of the Russian state and central to the Kremlin's domestic and international priorities. More precisely, Putin's sophisticated understanding of security needs reinforces the emphasis on economic development that is a crucial factor in his state-building agenda. On this issue he shares the liberal economists' conviction that the best way forward for Russia is through an adjustment to and adoption of international market. In other words, Putin takes important elements from the liberal perspective but he factors them into a modern realist framework, giving considerable importance for Russia's international role. That said, Putin can best be characterised as a 'pragmatic modern realist' who thinks in power categories and sees the world as intensively competitive.<sup>58</sup>

In Professor Legvold's view, Russia's foreign policy is left without a solid conceptual foundation. The confusion, he argues, flows from documents, first and foremost, the official doctrine – the 2000 Foreign Policy Concept.<sup>59</sup> According to Braithwaite, 'the muddle over the foreign and security policy concepts' is merely part of Russia's struggling with the 'difficult business of adapting itself to the aftermath of empire'.<sup>60</sup> The Russians are by no means the first to go through this painful process. But Russia has gone through much more traumatic and humiliating upheaval than other previous empires (e.g. Britain or France) ever did: the Russians lost their empire much quicker, and they lost their political, economic and social system at the same time.<sup>61</sup>

The thesis that Russia has already made her strategic choice – to integrate with the West - has its specifics. Some observers defined Putin's foreign policy course as an attempt to find a 'third way' in international relations – 'one involving not integration but also not confrontation with the West'. In Shevtsova's words, 'together but separate' might be the motto for this period.<sup>62</sup> The new formula of Russia's international role could be described as greater interaction as opposed to greater integration with the West, provided this interaction is favourable for Russia.

Decision-making under Putin inherited many features from the Yeltsin rule and took some new positive and negative trends. It has become less volatile in the personality sense, the circle of decision makers has become broader, but this has not brought substantive positive changes in policy-making, rather more bureaucratisation. Sergey Kortunov argues that crisis is institutional: there is no effective mechanism for preparing, making or implementing foreign policy decisions. Despite the fact that Putin



has been exercising enormous power, the situation has not improved; in some respects it has even worsened.<sup>63</sup> The two principal shortcomings, characteristic in Yeltsin's foreign policy-making process, are not extinct under Putin as well. First is the huge gap between policy formulation and translation it into substance. Second is the personalised management of state affairs. The principle of collegiality and transparency of foreign policy decision-making is being applied much less consistently than it was under Yeltsin.<sup>64</sup> This raises many questions about the rationale behind specific moves, while the responsibility for foreign policy activity rests just on one person – the Russian president. The lack of delegating mechanism and the resulting over-dependence on the Kremlin paralyses the introduction of new initiatives and decreases incentives for lower-level administrators to take responsibility for the policy.<sup>65</sup> Often the Foreign Ministry, the Security Council and even the Foreign Policy Department of the Presidential Administration have been sidelined, while the head of the state becomes a hostage to his inner circle – a circle that is not always very proficient.<sup>66</sup> Thus, there is in effect no foreign policy coordination on the state level.

It is the institutional context of foreign policy making that has undergone the most significant transformation under Putin, more precisely, the ongoing 'securitization' of foreign policy, 'affecting matters of substance, as well as 'style'.<sup>67</sup> At the most literal level, the involvement of security services in policy formulation and implementation has increased enormously. Although one could not neglect their role under Yeltsin, (e.g. Primakov was the head of Foreign Intelligence Service before he became Foreign Minister), then it was far from co-ordinating intelligence and security influence as it is today.

Under Putin, the security apparatus has 'emerged from its previous near-anonymity' in policy making to assume a much more 'public profile'<sup>68</sup>: just to start from Putin himself - a former head of the Federal Security Service (FSB), or his closest confidant and former KGB/FSB colleague Sergey Ivanov, who is Defence Minister. Personalities and personal loyalties are central in the current policy making environment. The Ministry of Foreign Affairs is, according to the Constitution, a power ministry. It has its own intelligence service and military personnel serve in it. All power ministries are directly subordinated to the Kremlin and do not report any of their activities to the Duma or the general public.<sup>69</sup> This literal securitization of the institutional context has undoubtedly had a huge impact on the execution of foreign policy.

In few areas is the difference more pronounced than in the presentation of foreign policy. Whereas under Yeltsin, the Kremlin was notable for its extensive use of dramatic and symbolic language, Putin's approach is businesslike. As a result, although contradictions within the conduct of Moscow's external affairs remain, Russia today presents 'a broadly consistent face' to its various audiences. This is also to do with the fact that Putin exercises much greater control over foreign policy presentation and content, simultaneously avoiding 'damaging turnarounds' and leaving himself enough space for manoeuvre.<sup>70</sup>

To sum up, in comparison with the Yeltsin period, the results in the conduct of Russia's foreign policy are mixed. In some aspects, indeed, there is considerable improvement. First of all, Putin's firmer approach to power and institutional stability has generated a



more centralised and disciplined management of foreign and security policy. It is commonly stated that under Putin there is one foreign policy in Russia. There still exist competing agendas within the presidential administration, but Moscow presents a united face to outsiders. Secondly, although the system of policy-making remains over-reliant on Putin, there is a tighter nexus between the formulation and implementation of policy. Instead of the factionalism and sectionalization in Yeltsin's presidency the conduct of Russia's current external affairs has become much calmer. Finally, despite occasional downturns and minor crises over individual issues, for the most part Russian foreign policy will be characterized by a 'managed normality'<sup>71</sup> – generally responsible behaviour and cooperation, based on numerous common interests, while underplaying the importance of diverging value-systems with the West.

However, Putin's foreign policy became far more securitized; this was particularly the case during his second term. This term is also marked by visibly declining international image of Russia, although during the first several years of Putin's rule it tended to improve. In the past couple of years, Moscow has been confronting a barrage of criticism from the outside world. The semi-feudal relations that still exist in a number of Russia's internal policy spheres and her assertive policy towards the FSU states are utterly incompatible with the post-modern architecture of the developed world into which Russia wants to integrate.

#### **4.5. Russia in the post-9/11 security environment**

It has become almost commonplace to consider the terrorist acts of 9/11 as a watershed in the Moscow – Washington relations or a revolutionary departure in Russia's foreign policy as a whole. However, one should not underestimate the fact that relationship between Russia and the West are neither entirely new nor rooted solely in the events of 9/11; a more co-operative agenda has been unfolding well before it.

The shift in Russian foreign policy started from the very outset of Putin's presidency: a pragmatist in foreign policy as in everything else, he had been avoiding confrontation with the U.S. and 'reaching out to Western Europe', as well as seeking a bigger role for Russia in international bodies.<sup>72</sup> A number of facts deserve mentioning in this regard. First of all, already in the beginning of 2000 the newly elected President Putin paved the way for more constructive cooperation with the West: in May 2000 the NATO-Russia Permanent Joint Council (PJC) resumed its work, which Russia had ceased in protest over NATO's air campaign in Yugoslavia, and further on gradually expanded its agenda.<sup>73</sup> The opening of NATO's Information Office in Moscow in February 2001 followed this. By mid-2001, the NATO–Russia dialogue has practically resumed in full.<sup>74</sup> Furthermore, Putin's numerous meetings with Western European and U.S. counterparts in 2001 serve as the reaffirmation of his desire for Russia to be part of Europe. Last but not least, Putin's view, expressed in many speeches during 2000-2001, showed that the most serious of Russia's security challenges lie not along her western border, but along its southern periphery. This was arguably one of the reasons for Russia to relax, perhaps for the first time after the collapse of the Soviet Union, its stubborn opposition towards NATO enlargement, replacing 'threats of an adequate response with arguments questioning the rationale of the enlargement'<sup>75</sup>.



This is not to say that 9/11 did not cast a clarifying light on an area of overlapping interests between the Cold War foes. Both nations seemed to have found at least one common objective: fighting international terrorism. Right after the attacks on New York and Washington, D. C., the Russian leader showed ruthless pragmatism in siding with the West, particularly the United States. As a result of the change in U.S. security priorities and Russia's perception, there appeared a window of opportunity for Russia's progress in many areas of her relationship with the U.S., including NATO.

#### *4.5.1. Rapprochement with the West?*

In the wake of the events of 9/11, the change in Russia's relations with the West is widely viewed as historic. Political analysts portrayed 9/11 as a turning point in Russia's path to the West. To validate this approach, one should try to answer a fundamental question: whether what had happened was a 'revolutionary change' or just a 'pragmatic radicalisation of continuing trends'.<sup>76</sup> In the aftermath of terrorist attacks Russia faced a difficult choice. The dilemma was formulated simply - join the Americans in the battle, or sit it out. The stakes were high indeed. The 9/11 did not turn the world upside down. The issues of September 10 did not disappear on September 12. All the old problems, just to mention NATO's eastward enlargement, strategic arms cuts, Iraq and Iran, awaited solutions.

Russia, like every other state, calculated how to pursue her interests in such a rapidly changing environment. In Trenin's view, Russia faced a choice of three options: self-isolation ('great Russia'), revision of the 'outcome of the Cold War' (the so called 'Oriental choice'), or integration into Europe.<sup>77</sup> Putin's key desire was to improve Russia's relations with the West. Other strategic options – 'junior partnership with China' and 'international isolation' – had little appeal to the Russian public<sup>78</sup>. Russia's greatest problem with NATO enlargement was related to her inability to integrate herself in the Euro-Atlantic security framework.

It is worth noting that during the 1990s, Russia's often-chaotic security policy had sustained two consistent themes: first, the failure of domestic economic reform that was the primary threat to Russian national interests; second, instability and terrorism in Eurasia. The 9/11 events provided a brilliant opportunity for Russia to capitalise on these most urgent security needs and maximise her weight on the global stage. The fight against international terrorism gives an opportunity for Moscow to assume a leading role in international affairs. Furthermore, it is a vehicle for Russia's integration into the civilized world, it merges with the Western-centric orientation of Russian foreign policy without undermining relations with non-Western powers (e. g. China and India), and it serves as an *alibi* both for Moscow's interventionism in the FSU and her uncompromising conduct of the Chechen war.

Partnership with the United States and NATO paves the way to full-scale integration with the West on better conditions. It was clear that, if Moscow goes for it, it may expect to reinforce its positions with regard to NATO, make the United States more sensitive to Russia's security interests, but first of all, Russia's new image in the U.S and Europe will truly become her invaluable asset. Simply put, Russia's sudden



willingness to establish closer ties with the West was the result of strategic calculations aimed at modernizing Russia. What Putin did, in Trenin's words, was to start 'bringing his foreign and security policy in harmony with "Russia project" at home'.<sup>79</sup>

Putin's plan was simple: to convince Russia and the West that they are on the same team on all the issues of importance. Certainly, the warming of relations between the U.S. and Russia grew out of a pragmatic realization that the two nations needed each other. First and foremost, global terrorism as a core threat brought into focus common interests, such as counter-terrorism, stability in Eurasia, and prevention of the proliferation of weapons of mass destruction (WMD).<sup>80</sup> Washington needed Moscow's support in the war in Afghanistan because of Russia's geographical location, military-political positions and infrastructure in Central Asia, contacts with the Northern Alliance and her almost a decade experience of the Afghanistan war (occupation by the USSR in 1979-1989). For their part, Russian leaders were pleased to see Washington giving top priority to fighting terrorism, a long-standing problem on many fronts in Russia. Above all, after 9/11 the West, particularly the U.S., immediately relieved pressure on Russia over her oppression in Chechnya.<sup>81</sup>

What was striking about Russia's collaboration in the aftermath of 9/11 was the extent of operational support involved. Putin was quick to express solidarity with the United States, and he raised no objection to the temporary stationing of American troops in the former Soviet republics of Central Asia and sharing sensitive intelligence with the U.S. Although this might indicate that the Russian viewpoint on this region became less zero-sum than in the past, in reality it was a greater appreciation that Russia alone did not have the resources to guarantee security and stability there. Moscow, nevertheless, remained sensitive to the possibility that Russia's influence would be seriously curtailed in this traditional 'sphere of influence'.<sup>82</sup>

New aspects of Russia's cooperation with the West led to the following explanation. In the first place, pragmatism or 'strategic opportunism'<sup>83</sup> was the main feature in Moscow's policy. Putin did not make so much of 'strategic choice' in favour of the West, but took advantage of the extraordinary set of circumstances to pursue objectives that were already in place but, for one reason or another, were difficult to realise. Secondly, the real shift was not in Moscow but in the West, particularly in Washington. In the U.S., the war against terrorism 'has taken precedence over all other foreign policy issues, even the promotion of democracy and free markets'.<sup>84</sup> The result was a greatly enhanced role for Russia, one that no amount of effort on her part could have produced independently. Many of the tensions that defined the U.S.-Russian relations after the collapse of the USSR had subsided. Taken as a whole, the 9/11 impact on Russia's policymaking environment had been catalysing of existing trends, rather than making a revolutionary change the way Russia's external relations were managed. Moscow's behaviour regarding the war in Iraq is very much in support of this conclusion.

For Russians, the Iraqi crisis represented an opportunity. As Lo puts it, Russia has a taste of 'controlled tension': diplomatic situations short of conflict, in which Russia's membership of the UN Security Council gives her extra clout.<sup>85</sup> In the run-up to the Iraq war, Putin has been cautious not to place Russia in direct opposition to Washington. The Kremlin used constructive and balanced language, 'conveying an impression of



reasonableness and good sense'.<sup>86</sup> Moreover, Moscow, which had close ties with Baghdad and had pressed Washington not to launch an attack on Iraq to disarm Saddam Hussein, especially without the authorisation of the UN Security Council, had also indicated it would not sacrifice improved relations with the U.S. should strikes take place. By this Moscow gave itself plenty of room for manoeuvre in the event that Americans and British would decide to attack Iraq – with or without UN approval.

However, it soon became clear that Russia had no general strategic approach towards handling the Iraq crisis except, possibly, to be 'flexible above all things'.<sup>87</sup> Putin miscalculated his balancing efforts between the U.S. and Europe. He was counting on a second UN Security Council resolution, authorising the use of force on Iraq, at which Russia could abstain. Moscow took softer and more amenable view than Paris or Berlin in order to have some protection from international isolation. As there was no second UN resolution, Russia was forced to change her position: to move from a mediator's role to a more determined role against war, and finally, siding with the French-German camp. According to Blank, Russians were not very successful in this deal because the French and Germans wanted Russia to turn against the United States for their benefit, whilst Moscow wanted Europe against America for its benefit; so there was asymmetry of objectives.<sup>88</sup> Consequently, once UN standoff ended, Moscow-Paris-Berlin alliance faded fast. Then Russia, together with the rest of the UN Security Council, wound up in the end supporting the U.S.-UK-Spain resolution on Iraq that ended sanctions and approved U.S.-UK control over Iraq. Russia not only decided not to use the political defeat of the United States in Iraq but even demonstratively stretched a helping hand to the U.S. administration.<sup>89</sup> In short, Russia's posture during the Iraq crisis is an act of pure pragmatism or even opportunism.

This largely explains why Russia's honeymoon with the West was short-lived. Indeed, the window of opportunity started to close in 2003-2004. The global community was sobered up by the Iraqi crisis and the differences over the ways to resolve it; this debate involved, amongst others, Moscow. The U.S., and to a larger degree, Europe, no longer had grounds for an exclusive relationship with Russia – temporary conditions were lifted. Russia's anti-democratic management of domestic politics, the Yukos affair, assertive policy towards the FSU states, especially the Kremlin's clumsy interference in the Ukrainian presidential elections, tough approach to negotiations with Tbilisi over the withdrawal of Russian military bases in Georgia, and the ongoing disagreements over international issues, especially on Russian nuclear assistance to Iran - all these developments were again viewed from positions prior to 9/11. At the same time, hopes for a qualitatively new partnership in the areas such as the war on terror, non-proliferation of WMD and international conflict resolution remained largely unfulfilled. The combination of these multiple disagreements and missed opportunities has led many observers to speak of a profound crisis in Russia's relations with the West. There is much to support this view. Anti-Westernism has become increasingly fashionable within the Russian establishment, where there is a renewed emphasis on Russia's pursuing her own path rather than 'transplanting' principles of democracy, a free market economy and civil society.<sup>90</sup> Buoyed by the consolidation of his political power and Russia's high economic growth rates, Putin has become increasingly unapologetic about his domestic and foreign policies. Meanwhile, senior figures in his administration blame the West for outside interference in the FSU and 'double standards'.



Several observations could be made regarding Russia's 'pro-Western' course. Most important, Putin's main vigour is that he adopts his policy to reality.<sup>91</sup> His motto was to subordinate temporary losses for the sake of vision, 'not to waste momentum and withdraw tactically'<sup>92</sup> in order to create image of Russia as a more credible partner. In the late 1990s, the concept of a 'multi-polar world' had been Moscow's favourite mantra, encapsulating the argument that the U.S. should not be allowed to dominate the world as a single superpower. However, in the wake of 9/11, the Kremlin presumably came to realize that building a multi-polar world as a counterweight to U.S. dominance has not really worked.

According to Antonenko, there are clearly several gaps between Russia and the West: 'in their world view, in the values and in their perceptions of today's realities'.<sup>93</sup> Russia is still very much caught in a geopolitical Cold War mentality. She feels very self-conscious, much weaker and very insecure about herself, meanwhile the West, and particularly Europe, is now much more post-modern. That is why Russia often overreacts when she believes to be infringements into the area where Russia thinks she has a legitimate role to play.<sup>94</sup> Here, the very 'securitization' of Russian foreign policy may become the greatest obstacle to a proper rapprochement with the West.

To sum up, it is clear that Russia's rapprochement with the West after 9/11 was a mixture of pragmatism and radicalisation of cooperative strategy rather than a revolutionary phase.<sup>95</sup> The unity proclaimed between Russia and the U.S. in the cause of combating terrorism has not reduced their old differences. This conversion proved to be illusory, as Putin's basic position has not changed. Since taking office, his primary ambition has been to restore Russia's greatness, her leading role in the world affairs. Second is Putin's call, repeated on many occasions prior to 9/11, for a reordering of the strategic and security relationships between Russia, Europe, and the U.S. Russia's turn towards co-operation with the U.S. was likely a phase of a long-term geopolitical Eurasianist strategy being pursued by Moscow. Russia's cooperation with the U.S. in the war on terror has weakened the transatlantic link and has incited unilateralism of the U.S. and rivalry among Western European powers. First of all, U.S. unilateral actions prompted France and Germany to establish closer relations with Russia including her automatically in European affairs.<sup>96</sup> Such a development creates the possibilities for Russia to further weaken the transatlantic link and attempt to ruin the influence of the U.S. in the whole European sub-continent. All of the above, one should not look at 9/11 as a revolution or a paradigm leap but just a logical continuation (evolution) of what was already in motion – Putin's push for Russia's modernisation and integration.

Notwithstanding Putin's frequent resort to supposedly benign integration-speak, his administration continues to view the world in competitive terms, 'us' and 'them'. This means that Russia and the West subscribe to different values and interests, except their occasional coincidence over issues like international terrorism. Russia's perception of engagement with the West is very different. It emphasises the primacy of selected common interests, mainly in security and trade, while relegating normative issues to the margins.



#### 4.5.2. Strategic partnerships with the key Western countries

Russia's different approach to Europe and the United States could be explained by the fact that Europe and America are currently pursuing different security agendas with respect to Russia, employing different policy instruments and different institutions.<sup>97</sup> Moreover, according to Angela Stent, Director of the Center for Eurasian, Russian and East European Studies at Georgetown University, American and European views of Russian security policy reflect 'a basic asymmetry': the U.S. evaluates Russian policy 'in the context of her global interests and perspectives', while EU countries focus on the 'security implications of Russia's actions for Europe'.<sup>98</sup> Europe is much more multilateral, much more soft-power and much more understanding of different cultures. The United States is far more unilateral and hard power, and much less compliant with international law.<sup>99</sup> Equally, Russian policies toward the U.S. and the EU are based on different calculations: since the collapse of the USSR, Russia has not yet abandoned the hope of seeking recognition from the U.S. as an equal global partner, whereas her goals towards the Europe are more regionally focused.<sup>100</sup> According to Erochine, there is quite a big gap in the EU and Russia's perceptions of each other. What the Union is trying to do is to 'form a kind of strategic partnership between the EU and Russia', whilst Russia is trying to have more local relations based on specific issues, such as energy, steel, and small specific industries.<sup>101</sup>

It is important to note that since 2000 the most dramatic fluctuations have occurred in Russian-American relations. To begin with, Yeltsin's erratic foreign policy course was most evident in his dealings with the United States. On the one hand, Yeltsin tried to place Russia on an equal footing with the U.S., and when rebuffed, repeatedly resorted to threatening rhetoric. For many years, especially during the mid-1990s, Russians were showing dissatisfaction with the growing tendencies towards the establishment of a unipolar world structure dominated by the U.S. On the other hand, Moscow constantly bowed to pressure from the Clinton administration.

On the American side, in the 1990s, Russia became less central to U.S. interests than the Soviet Union had been. Yet developments in Russia were still important, as Russia remained a nuclear superpower, and could be 'cooperative, passive, or disruptive'.<sup>102</sup> In 2000, the incoming Bush administration made clear its intention to downgrade the status of Russia to that of a mid-ranking country. In an interview with *Le Figaro*, Condoleezza Rice, then National Security Adviser to President Bush, even suggested that Russia was still considered a threat (mainly because of her policies, such as selling arms to Iran).<sup>103</sup> The U.S. therefore was more interested in containing rather than engaging Russia. It was five months before Bush personally met Putin in Slovenia, when European leaders started to take measure of the new man from the Kremlin.

Putin has fully understood that Russia's relations with the United States, the only remaining superpower, were the key to the achievement of Moscow's most significant ambitions, as well as to increasing global strategic stability.<sup>104</sup> Moreover, Russia desperately needed American investments and support in joining the WTO. Therefore, disparities in their relationship notwithstanding, the Russian leader was eager to cooperate with the U.S.



U.S. plans to deploy a National Missile Defence (NMD) system, coming on top of NATO expansion and Kosovo, has heightened Russian alarm about external threats. These received far more prominence in Russia's National Security Concept of 2000 than in the 1997 version'<sup>105</sup>, which gave precedence to internal threats. As a counterweight to NMD, Russia came up with a proposal for a European theatre missile defence system, using Russian and European technology, and an early-warning data exchange. The idea was firstly aimed at exploiting the difference between the U.S. and her European allies, particularly France and Germany, being sceptical about NMD. It should be noted that Russia succeeded in terms of postponing NMD plans pending consultations.<sup>106</sup> To put it plainly, the two biggest disagreements prevailing in U.S.-Russian relations were the second round of NATO enlargement and U.S. plans to deploy NMD (see Appendix B), which, many analysts believed, would never coincide. There were also opinions that Russians may trade off the process of NATO expansion against NMD, but probably even for them this option looked less than realistic.

Reality turned out to be different from analytical predictions. Even prior to the events of 9/11 it was clear that Putin and Bush, both being followers of realistic policies and preferring deals but not bargains, eventually started to find common ground on which to engage.<sup>107</sup> In 2001 Russia's incipient new policy was visible at the U.S.-Russia summit meeting in Ljubljana, Slovenia, in June 2001, and a month later at the meeting of the G8 at Genoa, Italy, when, in Bush's words, he was looking into Putin's eyes and 'was able to get a sense of his soul'.<sup>108</sup>

The Ljubljana summit also proved to be the first test of Putin's pro-Western course. Both sides pledged to work on 'putting substance into the envisioned framework of their strategic relations'.<sup>109</sup> Despite Bush's NMD plans and his endorsement of NATO enlargement eastwards, Putin managed to maintain a rather mild and constructive stance. The Russian President reacted along similar line to the famous Bush speech in Warsaw in July 2001, where he presented his vision of a Europe 'whole and free', which was supposed to be implemented through robust enlargement of NATO. Just a few month later, terrorist attacks against the United States became the focal point in Russia – U.S. relations.

However, common interest – international terrorism – does not seem to have the potential to lead U.S.-Russian cooperation into real partnership. The global war on terror, as Piontkovsky put it, is 'too vague a concept on which to build an alliance, and too prone to erosion'.<sup>110</sup> Both the U.S. and Russia were 'tailoring their chronic problems to fit the new slogan'.<sup>111</sup> Russia used it to address her military conflict in Chechnya, which has reached an impasse, while the United States adapted the war on terror to apply to the overthrow of Saddam Hussein. Each has her own list of favourite terrorists; they do not necessarily coincide. Cooperation in other areas does not look promising either. In the economic sphere Russia takes only 39<sup>th</sup> place in the U.S. trade turnover.<sup>112</sup> As far as the energy dialogue is concerned, the countries have different points of view: Americans wish to become majority shareholders of large companies while Russia wants to make the U.S. the importer of Russian oil and energy resources. At present all these aspirations seem unreal. Hence, it is the nature more than the scope of Russia's rapprochement with the United States that is most important. Another point to be taken



into account is that the warmth between the two presidents has not spread to their broader domestic constituencies.

Seeking to find her own way to Europe, Russia needs this alliance with the United States much more than the latter does. Major priorities for Russia are her entry into the WTO, securing Western support for her economic reforms, and institutionalising Russia's international role through NATO and the EU.<sup>113</sup> Among other needs, is also U.S. support in isolating Chechen rebels in the international arena. Meanwhile Russia matters for America mainly for the three reasons: her nuclear security, her close ties with the 'Axis of Evil' countries and her large energy reserves (it is the country best able to reduce America's dependence on oil from the Middle East).<sup>114</sup> In short, the improved relations rest on mutual convenience.

There are several potential spheres of contradiction between Russia and the United States. For Russia the biggest question about the relationship is tied to the larger issue of the extent of unilateralism in U.S. foreign policy. For the U.S. it is Russia's policy in the post-Soviet space, her domestic agenda related to the economic and legal reforms, her use of energy as a foreign policy weapon and the fate of democracy in Russia. A recent manifestation of the assertiveness of Russian foreign policy is her intention of radically re-arranging the OSCE and changing the existing European security system.<sup>115</sup> By initiating the OSCE reform, Russia demonstrates that she has not yet abandoned the idea to create a European security system independent of the U.S. Russia's key goal is to retain her influence in Ukraine, Moldova and South Caucasus states and preclude NATO enlargement to these areas. Iran's nuclear enrichment programme could also prove the next major crisis between the two countries. The U.S. has been worried about Russian supplies of nuclear and ballistic missile technologies to Iran and Moscow's recent refusal to halt the sale to Iran of an air defence system. Putin could expect a lot of pressure over Iran and energy supplies in the run-up of the G8 summit under Russia's presidency in St Petersburg on 15-17 July.

However, according to many experts, a major crisis in U.S. – Russian relations in the near future is not possible. There is still a two-fold rationale for sustaining these relations. Firstly, both sides have accurately assessed the relative power relationship, and they both 'took U.S. security hegemony as a premise'<sup>116</sup>. Secondly, both sides have agreed that what they have in common outweighs their differences. Therefore, although contentious discrepancies on the above listed issues will remain, the countries have learned how to compartmentalise disagreements so that do not sour relations generally. Russia-U.S. relations are likely to stay in a constant cycle 'from warming to frosting' and they will be based on a 'small amount of geopolitical interests, which will make them very unstable'.<sup>117</sup>

Russia's interests *vis-à-vis* Europe have always been diverse and substantial. However ambivalent Russian thinking about Europe might be, the arguments for considering Europe by far the most important region ('Europe first') in terms of Russia's fundamental interests in the international arena are compelling. Europe, according to this logic, is 'the main intended focus of Russia's long-term international strategy'.<sup>118</sup> Since the end of the Cold War, Russia's interests in Europe have increasingly focussed on economic links due to the imperatives of domestic reforms and to a desire to obtain



better positions in the world market. Beyond this, political interaction with Europe is essential if Russia is to achieve a respected international status. And obviously, the centrality of Europe has only been reinforced by the failure of 'entente cordiale' with the United States.<sup>119</sup>

Russia has had, for historical reasons, important connections with certain states. Although the U.S. has remained the central country for Russia, the establishment of relations with European 'heavyweights' is crucial for Russia's attempt to promote the so-called 'pan-European security architecture'.<sup>120</sup> By the end of the Yeltsin presidency, France and Germany were considered to be Russia's major partners on the European scene; Vladimir Putin has 'upgraded' the United Kingdom to this status. It is worth noting that Putin has been extremely skilful in his personal handling of his Western counterparts.

Germany, France and the UK - each of the three is attractive for Russia in her own way. The important element of strategic partnership with the United Kingdom is based on the joint ventures in the energy sector and the UK investment, as well as her political importance. The Iraq war in 2003 had a cooling effect upon what had been excellent relations between Vladimir Putin and Tony Blair, and brought Putin closer to Jacques Chirac and Gerhard Schröder. France is valuable to Russia basically because of her independent policy and her reluctance to accept a 'submissive relationship' with the United States.<sup>121</sup> While the UK and France are important, Germany unquestionably occupies a primary place in Russia's European policy.

Post-USSR Russia has always regarded Germany as a symbol of Europe for Russia. Putin's rise to power has seen an attempt to raise the Russo-German relationship to a new level. His affiliation with Germany is explicable by personal reasons: he spent a significant part of his KGB career in Eastern Germany (GDR), therefore he knows the country and German language. It is Russia's wish to develop a special relationship with Germany as a key part of her own objective in developing a strategic partnership with the European Union. During his visit to Germany in April 2002, Putin was quoted as saying that 'it is impossible to view the relations between Russia and Germany now beyond the context of Moscow's relations with the EU. Germany is one of the centres of European integration'.<sup>122</sup> Germany was and is Russia's main creditor and foreign trade partner. It should also be added that Germany is the 'old' European country that since 1970s has relied most heavily on Russian energy supplies. Presently Russia supplies more than 30 percent of the gas requirements of the German market.

On 8 September 2005 in Berlin, top executives of Russia's Gazprom and Germany's BASF and EON companies signed the framework agreement on the North European Gas Pipeline (NEGP) project.<sup>123</sup> Although both sides insist that the project is strictly of a business nature, the Kremlin clearly regards the project as a component of its strategy to leverage energy supplies into political influence in Europe's affairs. The choice of an offshore route to Germany, bypassing the Baltic States and Poland, also reflects Moscow's wedge-driving tactics, dealing with certain 'old' European countries on issues of concern to 'new' EU countries over their heads.



The overtures to Germany and France largely echo the desire of many of the Russian establishment to use a Franco-German-Russian axis to create a new balance of power. This remains true even after U.S.-Russia rapprochement in the wake of 9/11. And despite the fact that France used to be one of the strongest critics of Russia's war in Chechnya, both countries have had similar approach towards multi-polarity and shared similar opposing views on NMD or U.S. policy on Iraq. It is worth recalling in this context that in the mid-1990s Russian President Yeltsin started to promote the idea of a Moscow-Berlin-Paris axis.<sup>124</sup> The parallels with today are very obvious. During the war on Iraq, Russia sided with the biggest U.S. opponents, Germany and France, hoping to put into practice the idea of Moscow– Berlin–Paris axis, which, nevertheless, has not been formed.

According to the former Russian Foreign Minister, Igor Ivanov, one of the fundamental tenets of Russia's European policy is the expansion of bilateral relations with individual countries.<sup>125</sup> Russia views bilateralism instrumentally, as a conduit for advancing Russia's interests inside the EU and NATO. Bilateral cooperation is also considered important in its own right, especially for the trade and economic benefits it may provide. Moscow favours a bilateral approach to multilateral largely because it is easier to deal with major European capitals rather than with the whole EU institution as such. Therefore the institutional and bilateral trends are joined in Russian policy, each having specific significance in itself and wider importance in influencing the other. Here, the overriding point is that for all the twists and turns of Europe's turbulent history, bilateral ties have always been a positive stabilising factor in international relations in Europe.<sup>126</sup> Another reason for this state of affairs is that the policy of the power game has not yet been abandoned both in Russia's concepts of international relations and in practical foreign policy. On the basis of such principles throughout the decade, Russia regarded the EU as a regional interstate organisation, in which the supranational element does not play an essential role, and all basic decisions are taken by the European powers independently.<sup>127</sup>

Moscow tried to exploit its preference for bilateral approach during the recent developments. For example, Putin drew on close personal ties to reinforce and exploit differences between EU countries in the final stages of negotiations with Brussels to find a solution to the Kaliningrad transit in 2002.<sup>128</sup> However, when Moscow tried to ignore what Putin has called 'Euro-bureaucracy' and to apply the same tactic in other areas, it became counter-productive and triggered a crisis in EU-Russia relations. In January 2004, the EU Council of Ministers called for more policy coherence among EU member states. This was a response to Italian Prime Minister Silvio Berlusconi's initiative to grant Russia more support on Chechnya, the Yukos affair, and Putin's request for visa-free travel in the EU. This convinced EU members, including France and Germany, to seek for a more consolidated European policy towards Russia, which would be 'less susceptible to Russian manipulation and divide-and-rule tactics'.<sup>129</sup> The EU was united in its opposition to Russia's refusal to extend the 1994 Russia-EU Partnership and Cooperation Agreement to the new EU members, which prompted Russia to back down.

Various aspects of Russia's interaction with Europe's multilateral institutions - the EU and NATO - are analysed separately in chapter 5 of this dissertation.



## 4.6. Retaining control in the post-Soviet space

### 4.6.1. New view of the CIS

Russia had been the third largest empire in human history, and the largest for most during the last four hundred years. She had also for centuries been an autocratic state and expansionism had been continuously present in her nature. The Soviet empire is no more but Russia still looms large over the former Soviet space. It is geo-economics that comes closest to the idea of empire. Anatoly Chubais' concept of 'liberal empire' is the perfect ideological tool for the Kremlin to exercise more power in what was defined as Russia's 'near abroad'.<sup>130</sup>

Putin's approach to the 'near abroad' rhetoric has been the opposite to his predecessor's, who asserted that the post-Soviet space was Russia's backyard – an 'area of vital interests' and 'exclusive sphere of influence'. Putin is not inclined to use such expressions in official statements at all in order not to irritate the former Soviet republics and send the wrong signals to the West. The 'passive-reactive approach',<sup>131</sup> towards the FSU states (or the CIS), so common under Yeltsin, has given way to new actions on the ground, which in reality are far more serious in terms of exercising Russian influence in her periphery and treating the latter as a *de facto* sphere of influence.

Under Yeltsin, Russia's policy towards her immediate periphery, to quote Pravda, 'lacked drive and effectiveness'.<sup>132</sup> In other words, Russia failed to develop effective cooperation with the FSU states. With the exception of the Russia-Belarus Union, Russia's integration with the FSU states was more nominal than real, with economic and especially security interaction falling away, let alone falling the CIS as an institution<sup>133</sup>.

There was a tendency in Yeltsin's Russia, inherited from the USSR, to treat the CIS as a unified entity.<sup>134</sup> This is obviously the biggest error of Moscow's post-Soviet policy, as the CIS states are different in practically every respect and therefore need to be seen either on region-by-region or case-by-case basis. Russia's Foreign Policy Concept of 2000 states that Russia will seek both bilateral and multilateral cooperation with the CIS states. But under Putin Russia has largely been pursuing cooperation with the CIS on the basis of selectiveness. There is a segmented nature of Russian foreign policy with objective and capabilities in some sub-regions that are of special sensitivity for Moscow: notably Ukraine, the Trans-Caucasus and Central Asia. In these sub-regions Moscow retains clear foreign policy interests and hegemonic ambitions, which it typically pursues proactively.<sup>135</sup> Where it is possible, especially in the South Caucasus and Moldova, Moscow is interested to keep 'controlled' instability (for more information concerning Russia's bilateral relations with separate CIS countries see Appendix C).

Russia's military presence in the CIS states (Armenia, Belarus, Kyrgyzstan, Tajikistan, Georgia, Moldova, and Ukraine) includes 14,000 soldiers.<sup>136</sup> Russia justifies her presence by the need to stabilize the post-conflict zones (in Moldova, Georgia and



Armenia), or by agreements concluded with her allies (in Belarus). In Georgia, Moldova, and Ukraine, the future of Russian military bases is uncertain because of these countries' demands for Moscow to withdraw them.

Soon after becoming acting president, Vladimir Putin, like his predecessor, emphasised that the FSU states are an 'absolute priority' in Russian foreign policy.<sup>137</sup> It was his decision that Russia's status as a great power would be better secured not by balancing other powerful states in one form or another but by gradually gluing a new power centre of the fragments of the Soviet Union headed by Russia, which would later help Moscow maximise its power. There appeared to be a growing consensus in Moscow that a further geopolitical retreat is impossible. Even more, to survive as a regional power and be able to defend her vast perimeter Russia must pursue at least a modestly expansionist policy. The revival of Moscow leadership's role in the 'near abroad' was an essential first step in restoring Russia's greatness.

In 2003, Andrey Kokoshkin, the Chairman of the State Duma Committee on the CIS Affairs, talked about the 'Putin doctrine' in the CIS area that consists of the establishment of a highly integrated core of key states surrounded by the loose grouping of other CIS members. The components of this model are: the union of Russia and Belarus, the CSTO, the EEU and the CIS Anti-Terrorist Centre.<sup>138</sup> A year later all these components were strengthened, except the EEU, which was replaced by the Single Economic Space (SES).

Many political analysts, especially those from the West, believed that the 9/11 terrorist attacks positively changed the context of Russia's interaction with the West. The 'red line', drawn by Moscow with respect to its 'legitimate interests' in the post-Soviet space, had been crossed: Russia provided significant support to U.S. operations in Afghanistan in 2001-2002, which included agreeing without fuss to U.S. deployments in Central Asia. But such a shift in Russian policy happened mainly because the fall of the Taliban regime was very much in Russia's interests. Russian policy makers realised that they could no longer afford to tightly control Central Asia, nor did Russia have the resources to combat radical Islam in the region. But at the same time, for the Russian political elite the appearance of U.S. bases in Central Asia was a painful concession, acceptable only on a temporary basis, as was the launch of a U.S. Train and Equip programme in Georgia. In this view, Russia was seen to be retreating in the FSU, leaving a vacuum that was filled by the United States. These views explain the deeper meaning of Putin's pledge to make Russia more competitive in the post-Soviet space in order to prevent its further erosion.<sup>139</sup>

Another aspect of this Russia's policy line could be read as its attempts to make use of overlapping spheres of influence between Russian and Western powers in South Caucasus and Central Asia. Although Putin allowed, as part as the anti-terrorist campaign, the establishment of U.S. military bases in the former Soviet republics, in no way does this move imply that Russia tends to reduce her influence here. It only means the weakening of the contraposition between Russia and the West, which by itself increases Moscow's room for manoeuvre in this region. In short, this is not to say that geopolitics is becoming of declining importance for Moscow. It only shows a 'cold-



blooded pragmatism'<sup>140</sup> that dominates the Kremlin's handling of relations with the CIS.

Russia's high policy profile towards the CIS has been maintained during both Putin's terms of office. But a significant and new turn was emphasised in President Putin's speech to the Federal Assembly on 16 May 2003. He underscored two points concerning the CIS: first, these countries are the priority number one in Russian foreign policy; secondly, they are in the area of Russia's strategic interests.<sup>141</sup> It was not simply a declaration because it was followed by the very high activity of Putin himself and other top state officials directed at strengthening Russia's role in the CIS area.

In 2002-2004, the time became high for Moscow as the post-Soviet space entered a new phase in its development. The most important external factor was the eastward shift of the Western border, as a result of the integration of CEE and the Baltic countries into the EU and NATO. Consequently, the six FSU states (Ukraine, Moldova, Belarus, and the three South Caucasus countries) emerged as Europe's new 'near abroad', prompting more active European engagement in their economic and security issues. These six countries comprise half of the CIS, and they were included in the European Neighbourhood Policy (ENP). It was hard for Russia to accept these changes as the new geo-strategic reality. Sergey Ivanov's words: '...any change in geopolitical realities in the CIS is a threat to Russia' are very enlightening in this regard. Many Russians perceive this development as constituting an encirclement, which has not been accompanied by more vigorous efforts to integrate Russia into Western institutions or to assist her in addressing her own security concerns in the region where she has traditionally had special interests and influence.<sup>142</sup> Nationalist politicians, such as Dmitry Rogozin, the former Head of the Rodina party, advised assertive policy aimed at protecting the rights of Russian-speakers in the CIS as a means of re-creating Russia's greatness. Chubais has called for Russia to establish a 'liberal empire', which in reality means the regaining of political influence in the FSU through the expansion of Russian capital.<sup>143</sup>

The process of loosening the geopolitical frontiers of the post-Soviet space, combined with the inefficiency of the CIS, forced Russia to put stress on sub-regional organizations. Today, integration has been made a priority in Russia's CIS policy. Russia's national interests in the CIS traditionally cover three major and mutually connected spheres – economy, politics and security. In the last few years, the context, instruments and concepts for implementing these interests have undergone change.

#### *4.6.2. Energy geo-politics*

Russia's energy leverage has the greatest influence in those countries that depend almost entirely on Russia for supplies of energy resources. The most vulnerable are the FSU countries that have neither the wealth nor enjoy favourable geographic location that would allow them to diversify their energy imports. Putin's administration has sought to consolidate Russia's predominant position in regional and world energy markets through acquisition of local energy companies in the FSU and beyond, and the pursuit of 'energy partnerships' with the EU and the U.S., which would increase Russia's market share in Western Europe and North America. In the FSU (and

throughout Central and Eastern Europe) Russian energy supplies and their local affiliates enjoy actual or near monopolies, while *Gazprom* provides approximately 25 percent of Russia's federal tax revenues. Moscow is increasingly using its natural gas supplies as a weapon. It was particularly the case in the beginning of 2006 when Moscow punished Kiev and Tbilisi while providing cut-rate gas to the dictatorship in Minsk.

In the FSU energy has been a dominant Russian factor in several ways. Russian control of the energy infrastructure in neighbouring states and Moscow's attempts to maintain monopoly control of pipelines that bring oil and gas from the Caspian Sea to Western markets are understandable in the country where win-lose (not win-win) is a deeply rooted business principle. In this way Moscow seeks to prevent the other littoral states (Azerbaijan, Kazakhstan, Turkmenistan) from eventually challenging Russia's long-term market predominance.

In the opinion of many observers, oil is the main cause of the Russian-Georgian conflict. The Baku-Tbilisi-Ceyhan oil pipeline will allow Georgia to achieve economic independence. What is more, this pipeline will allow pumping Caspian, and possibly (in the future) Kazakhstan oil to the global market bypassing Russia and acquiring another alternative to the Persian Gulf suppliers. Therefore this project received strong support from the United States and the EU. Russia, on the contrary, attempted to hinder the pipeline's construction. Moscow has also thought that Ukraine's Odessa-Brody oil pipeline network would transport Russian oil to the Black Sea ports. Putin's government invested substantial effort in reaching an agreement on establishing a joint consortium to operate Ukraine's pipeline network.<sup>144</sup> Meanwhile Yushchenko's government is planning to return to the original idea of using the pipeline in the opposite direction, i.e. for transporting Caspian oil from the Black Sea terminal to Europe, with a branch-line to Gdansk (Poland) and bypassing Russia.<sup>145</sup> This causes a real headache for Moscow: it would become an alternative oil supply to Europe and would inevitably ruin the Russian monopoly.

An important Russian advantage over the FSU states is the pipeline system inherited from the Soviet Union. It is for this reason Turkmenistan, although rich in gas resources, has no other way to sell its gas on the global market except via Russia. *Gazprom* purchases gas from Turkmenistan at USD 44 per 1000 cub.m., but sells the same gas, e.g. to Turkey, already at USD 150 per 1000 cub.m.<sup>146</sup>

Moscow continues to subsidise energy exports to its poor CIS neighbours, enabling them to procure oil and gas at prices well below the levels of the world market. Their absolute dependence on these discounted Russian energy sales provides Moscow with a powerful political lever, which has been used effectively to influence political decisions, particularly in Ukraine, Georgia and Moldova. It was conjectured that *Gazprom* would refrain from enacting the 2006 price rise if Ukraine made an unequivocal commitment to enter the SES or surrender a part of her gas pipeline infrastructure to *Gazprom*. A Russian objective of this strategic interplay is the control of the CIS oil and gas pipelines in order to impede a potential energy supply diversification among these states. This will enable Russia to exercise a long-term dominant presence in the CIS states as a result of their over reliance on cheap energy.



Since Russian gas production is already falling, Russia now depends on gas imports from Turkmenistan to fulfil her domestic and export commitments. Up to the Russia-Ukraine gas dispute in the beginning of 2006, *Gazprom* has maintained a monopoly on natural gas exports from the former Soviet states to Europe, and only Turkmenistan was allowed to export natural gas to Ukraine. This derives from *Gazprom's* longstanding position: because the company is required to supply natural gas to the Russian market at prices below the cost of production, *Gazprom* has jealously protected its monopoly on exports. Turkmenistan was granted an exemption to supply a few former Soviet republics, and Moscow, in an effort to maintain political allies, dictated that these supplies should be subsidized. *Gazprom*, therefore, let Turkmenistan sell to some FSU states for peanuts, while the company pocketed hard currency from European customers paying top dollar. However, Russian cooperation with Turkmenistan continues to be bumpy, as the Turkmen side halted gas exports in 2005, protesting the low prices that Russia offered for Turkmen exports.<sup>147</sup>

Most Russian state-controlled energy companies avoid adopting current international business standards that would require them to engage in greater transparency, domestically and overseas. Russia imposes no penalties on companies that interfere in foreign elections and corrupt foreign officials. Their funding of political groups in the FSU states has by and large been successful in buying influence for Moscow. The Kremlin's destruction of *Yukos* through non-market methods, the role of *Gazprom* in this process and the growing fusion of the KGB-bred state officialdom with the management of Russia's energy companies – it is a trend presaging the use of such companies as instruments for the state's foreign policy.

Chubais' energy conglomerate *Inter RAOJES* is involved in projects in Kyrgyzstan and Tajikistan. It controls 80 percent of Armenia's power market: Armenian power could soon be exported to neighbouring Azerbaijan. Chubais wants nothing else but to create a 'unified energy system' in South Caucasus - Georgia, Armenia and Azerbaijan.<sup>148</sup> *Inter RAOJES* and *Gazprom* are out in full force to re-conquer the role for Moscow as the provider to the whole periphery of the 'liberal empire'.

On the whole, Russia does not need military pressure to control and influence the FSU states, she can do it most effectively by softer means - by pursuing her economic interests. Moreover, Moscow can limit freedom of actions of the FSU states because of their dependence on Russia's energy. This happened in Georgia and Ukraine, this is equally valid in almost any other FSU state. Russia does not want to reintegrate these republics and to take physical control over them, as it would be extremely expensive, therefore not beneficial for Russia. What she really wants is indirect control to influence the developments in the FSU. Hence, Russia seeks to become an indirect empire ('liberal empire') using economic as opposed to military means.<sup>149</sup>

#### 4.6.3. Economic interests

In the economic field, a key factor has become economic growth in Russia and other CIS countries, which are highly dependent on trade and economic ties with Russia. The dependence is the highest in Belarus (90 percent), and the lowest in Kazakhstan (40

percent) and Ukraine (30 percent).<sup>150</sup> European CIS states play a strategic role in ensuring Russia's fuel/energy exports to the West and Russia's imports by railway, road and sea. As was shown in the previous section, they are critically dependent on supplies and the transit of Russian oil, gas and electricity.

The events in 2003-2004 revealed a new vigour in Moscow's policy towards the CIS, which materialised in a double-faced project. On the one hand, Russia was seeking to ensure that the neighbouring CIS states would be loyal to her and would not submit to the influence of the West. On the other hand, these countries have become a zone for the expansion of Russian capital. According to Trenin, this was supposed to be a certain combination of the Russian version of the Monroe Doctrine and the 'liberal empire' project advanced by Chubais.<sup>151</sup>

To promote economic integration, in September 2003 Russia set up the SES, involving Russia's three major economic partners - Ukraine, Belarus and Kazakhstan. Ukraine's participation here was vital. At least implicitly, this integration project institutionalised Ukraine's competition with European aspirations. When Kuchma's term of office was nearing its end, Moscow tried hard to 'help' Kyiv in ensuring the succession so that Ukraine's economic integration with Russia would not be jeopardised. However, seen as one of Russia's foreign policy successes, the project is under threat as Ukraine is likely to promote increased compliance with EU norms. This is not compatible with the SES, which requires harmonisation of legislation with Russia.

Apart from 'pipeline diplomacy', another lever in Russia's economic policy in the CIS is large private capital. The effectiveness of this lever depends on how advanced economic reforms and privatisation policies are in the CIS countries. It should be noted that for the first time in her history Russia is engaged in capital expansion. Perhaps, it was why Chubais defined Russia's strategy as that of a 'liberal empire'. The effectiveness of Russian private capital in the CIS directly depends on the support of these states. It is thought that Russian private capital has an advantage over Western capital in that 'it better understands the ins and outs of doing business in the CIS'.<sup>152</sup> However, as post-Soviet countries continue to make their economies open to Western companies, this advantage tends to diminish. Therefore the temporary nature of Russia's capital advantage, together with electoral considerations and the belated confidence, when she enjoyed freedom of action, prompts Moscow to use very actively, if not aggressively, its economic and diplomatic levers in the CIS.

#### *4.6.4. Political interests*

In the political sphere, during Putin's first term, Russia's approach towards the FSU was moderate and better balanced than in Yeltsin's time. It can be described, to quote Irina Kobrinskaya, Senior Researcher at the Institute of the World Economy and International Relations in Moscow, as a 'policy of the possible'.<sup>153</sup> As Pravda put it, Moscow behaved like a 'constrained hegemon', as its actions were curbed by awareness of resource limitations and 'caution about the costs of power projection'.<sup>154</sup> Meanwhile, during the second term Putin's administration appeared to lose its nerve. Moscow was making repeated attempts to influence the balance of forces in the CIS countries and to strengthen the positions of pro-Russian politicians there. Russia has sought to support



Russia-friendly candidates in leading positions in neighbouring states by sending political 'technologists'.<sup>155</sup> The activities of those Russian political consultants, especially in Ukraine, have initiated results opposite to what was expected, much to the irritation of Moscow. In summer 2005, Karaganov concluded that Russia's positions in all FSU countries was weakened, and the main reason for this were mistakes made by Russia herself.<sup>156</sup>

In 2003-2004, some alarming processes were reported all over the FSU countries. November 2003 witnessed the regime change in Georgia, the so-called Rose Revolution, which encouraged people in other former Soviet states to push for the wholesale change of political elites. Later on, there was unexpected pro-European opposition to Russia in Moldova; Russia's clash with Ukraine over a disputed border in the Sea of Azov (Kerch Straits)<sup>157</sup>; Azerbaijan's readiness for active contacts with NATO and the latter's agreements on that score; opposition rallies in authoritarian Central Asian countries – all this indicated the approach of a new wave of democratic revolutions along the perimeter of the Russian Federation. But what took place in Ukraine in the end of 2004 was arguably more profound. The Ukrainian Orange Revolution not only highlighted complete failure of Moscow's efforts to influence presidential elections in this country but also shattered Putin's policy towards the CIS. Becoming directly involved, Moscow eliminated its chance to become an arbiter in the Ukrainian processes and narrowed its sphere of dominance on the post-Soviet territory.

The Orange Revolution set shockwaves throughout the entire post-Soviet space. The events in Ukraine represent a revolution of a new type. The previous revolutionary waves in Central and Eastern Europe and in the Soviet Union in 1991 were revolutions against totalitarianism. These events are a 'revolution against imitation of democracy' – it is a protest against Soviet apparatchiks and crony capitalism.<sup>158</sup> Georgia was the first to demonstrate the weakness of such a regime but the Rose Revolution was perceived as a local phenomenon. Ukraine suggests a trend. This is not to say that all post-Soviet states will soon follow the Ukrainian example, but the fact that they all have problems maintaining stable authoritarian systems is obvious. By and large, Ukraine demonstrates that for post-Soviet regimes the moment of truth comes with a change of a leader. Russia resolved the problem after Boris Yeltsin by naming his successor and strictly controlling the election. But Ukraine rejected the Russian way. Sooner or later other post-Soviet states may find themselves with the same choice: either real democracy or undisguised totalitarianism.<sup>159</sup>

The real reason why the emergence of true democracy in Ukraine is a threat to President Putin is that it will set an example to Russia's democrats as well. The presidential elections in Ukraine were less about where that country is heading than about where Russia is now under Putin's rule. Russia's future depends on whether she controls Ukraine: one could fully subscribe to Zbigniew Brzezinski's words that Russia without Ukraine will never become an empire. Without meaningful influence over Ukraine Russia has no reliable links to Europe, a pinched supply line to the Caucasus and, most importantly, for a country with no natural borders, significantly less strategic depth. With Ukraine in her orbit, Russia maintains strategic coherence and a chance of eventually re-attaining a status of a great power.

By and large, Russian geopolitical defeats in the past five years would pale in comparison to Ukraine, Russia's ancestral home. The 10th- to 13th-century entity of Kyiv Russ' is widely considered to be the birthplace of today's Russia. But Moscow's loss of Ukraine is far from being merely an emotional detachment. The developments in Ukraine are pushing Russia to a breaking point: if she allows Ukraine to fall under Western influence, Russia will be finished as a viable geopolitical force. As 'Stratfor' argues, it would not take a war to greatly damage Russian interests, simply a change in Ukraine's geopolitical orientation.<sup>160</sup> The significance of the loss only magnifies the humiliation. Vladimir Putin has lost more than face; he also has lost credibility at home and the West in his wider foreign policy goals. On the other hand, a Russia that controls Ukraine will remain an authoritarian state but a Russia that deals with a truly independent Ukraine could become a democratic country. Moscow has, therefore, feared not so much to lose the territory but that it would mean that Russia would remain the only country (except Belarus), which pretends to be European without adequate values. The gas dispute in the beginning in 2006 but proved that the Kremlin has not accepted defeat in Ukraine.

Different perceptions of events run deep in the South Caucasus. Russia is aware that her role in the South Caucasus is challenged by Tbilisi's repeated attempts to secure more international engagement in the region. A new coalition of Georgia and Ukraine now represents a powerful force, promoting closer ties with European institutions. Many analysts in Russia view strategic relations between Georgia and Ukraine, which are supported by new NATO and EU members, as a form of 'encirclement'. Unlike Central Asia, where Russia and the United States share an interest in regional stability and the non-revival of the Taliban in Afghanistan, active Euro-Atlantic, and especially U.S., policies in the South Caucasus have been deeply worrying in Moscow. While Russian and American interests have overlapped in Central Asia and Afghanistan, U.S. assistance in revitalising GUAM<sup>161</sup> has been perceived as a sign of Washington's push to develop 'geopolitical pluralism' in the FSU through a support to the organisation of which Russia is not a member.<sup>162</sup> There is a belief that the revitalisation of GUAM on the basis of new strategic relations between Ukraine and Georgia may undermine the already weakened Russia-dominated CIS and exclude Russia from integration projects in Eurasia.<sup>163</sup> This raises concerns in Moscow over the long term, as these policies undermine Russia's control over events on her periphery and are seen to accelerate the diversification of security relations in the post-Soviet space away from Russian influence.

Another concern for Moscow is security implication of the revolutionary changes in Ukraine and Georgia related to the possible spread of popular uprisings to other, less stable parts of Eurasia. In March 2005, such a change of regime, the so-called Tulip Revolution, took place in Central Asian republic of Kyrgyzstan. However it did not go for an abrupt rift with Russia. Kyrgyzstan is still a participant of the integration associations in the post-Soviet space under Russia's auspices, including the CSTO, which has acquired a clearly 'anti-orange' bent. Within the CSTO it was decided to form a peacekeeping contingent, which would provide assistance in conflict resolution in the territory of the member states, which in practice will make it possible to suppress potential revolutionary actions.



Kyrgyzstan's strategic resonance stems from the fact that it hosts both Russian and American military bases that operate some coalition missions in Afghanistan. While the key international players – Russia, the United States, the EU and the OSCE – have largely worked together to bring order and prevent a long-term crisis in the country, their long-term interests remain different. The EU and the U.S. are concerned that such events could provoke already authoritarian regimes in Central Asia to undertake further repressions and violation of human rights. Moscow, for its part, is deeply unsettled about the proliferation of 'popular revolutions' across the neighbouring states and is therefore likely to encourage governments in these states to take more drastic measures to prevent popular protests. These differences from Russian and Western perspectives could prompt Central Asian governments to seek closer ties with Russia, which supports the preservation of the current regimes in power.

#### *4.6.5. Security interests*

In the security field, Russia has several points of interest and concern. The first is related to the settlement of 'frozen' conflicts in Transdnistria (Moldova), South Ossetia and Abkhazia (Georgia) and Nagorno-Karabakh (a part of former Soviet Azerbaijan). Russia has been involved in Transdnistrian conflict since the armistice in 1992. However, Russia has committed herself, in the final document of the OSCE Istanbul summit, to withdraw her forces from Moldova and to liquidate her ammunition stores by the end of 2002, but it was delayed for one year. Instead of seeking solution in the multilateral formats, in December 2003 Moscow attempted to circumvent the five-sided negotiating structure - Moldova, Transdnistria, Russia, Ukraine, OSCE - and came up with a unilateral initiative. The Russian scenario envisaged handing secessionist authorities a share of power in the country's central government under a federal formula and guaranteeing such a settlement through a predominantly Russian military force. Fortunately, the EU and OSCE prevailed on President Voronin not to sign this deal, and Russia's attempt to co-opt the Moldovan leadership failed. The change of government in Ukraine created momentum for the resolution of the separatist conflict in Moldova. After the change of Ukraine's policy Russia remains the only external source of support for the Transdnistrian leadership. Moscow continues to deploy troops in the region despite strong pressure from Moldova and the international community on Russia to fulfil her obligation to withdraw military bases.

In Georgia, there have been Russia's ongoing attempts to change Georgia's political course through military pressure and by encouraging ethnic separatism in Abkhazia and South Ossetia. Reasons that have been advanced are related to the so-called 'Great Game' over the oil pipelines routes. Moscow capitalised on the Rose Revolution, which increased the gulf between the centre and Abkhazia and South Ossetia, while providing Adjara with the pretext to break relations with the central authorities.<sup>164</sup> Following the Rose Revolution Moscow moved to establish closer ties with both separatist regions, which are likely to strengthen further as Georgian government battles Russia over the withdrawal of her military bases from Georgia on the basis of her 1999 OSCE Istanbul commitments. Old ideas of recognising the independence of the breakaway republics or associating them with the Russian Federation gave rise to an increasing concern inside and outside with the rebirth of neo-imperial discourse in Moscow.<sup>165</sup> This debate created a pretext for Georgia to complain about Moscow's policies of granting

citizenship to people living in the separatist areas and reopening land communications with them, while maintaining a visa regime for Georgian citizens. As a result, Russia-Georgia relations deteriorated, and this further complicated conflict resolution.

Georgia signalled her intention to explore possibilities to replace Russian peacekeeping troops, which are stationed in Abkhazia and South Ossetia, by international forces. Georgia also requested the EU to provide a replacement for the OSCE border-monitoring mission on the Georgia-Russia border near Chechnya, which was pulled out after Russia vetoed extension of her mandate.<sup>166</sup> However, the Russian government has seen EU statements about the need for a multilateral approach to the 'frozen conflicts' as an attempt to ensure a predominantly European voice and weakened Russian influence. In contrast, Russia has shown a preference for bilateral relations with Moldova and Georgia, but not multilateral.

The second concern is Russia's inclination to claim a free hand in the former Soviet space. First time in her post-Soviet history, in the so-called 'Ivanov Doctrine', adopted in October 2003, Russia is deliberating a possibility of preventive use of her military might against CIS partners (see 4.8.3 *The Defence White Paper*). This idea came into focus again after the Beslan tragedy, when Russia's military leadership reiterated its intension to deliver preventive strikes on terrorist bases anywhere in the world. The targets are said to be beyond Russia's borders but within her limited reach and not on the territory of states able to deliver a strong response.<sup>167</sup> The first candidate for preventive strikes seemed to be Georgia, which was a serious irritant to Russia due her forceful pressure on South Ossetia. In the past, Russia frequently bombed Georgia without admitting responsibility, meanwhile accusing her of harbouring Chechen terrorists in the Pankisi gorge. If implemented, such a scenario would be a very serious blow to the fragile processes of Russia's integration within the CIS.

The third concern is related to complicated defence and security cooperation in the CIS framework. A majority of the agreements concluded in the CIS were neither ratified, nor came into force. In August 2005, the CIS finally ceased to be a forum for military cooperation. The meeting of the CIS defence ministers' council in June 2005 confirmed only the shift of the military cooperation to the CSTO. Georgia, Moldova, and Turkmenistan were absent at this meeting, and Ukraine declared lowering her level of participation to observer status.

In October 2002, the creation of the CSTO, involving Russia's most faithful five allies (Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan) was the first Russian initiative on the road to changing the security system in the post-Soviet space (see Appendix D). By and large, the CSTO could be viewed as Russia's attempt to create a structure similar to the Warsaw Treaty's in the CIS space to counterbalance the increasing U.S. and NATO influence in Central Asia, South Caucasus and other regions. Russia's major goal in the CSTO is to strengthen her military presence in allied states. The priorities of the CSTO include: cooperation in air defence, manufacturing of weapons, preparation of military personnel, and peacekeeping activities. However, the CSTO members still remain weak states, which forces Russia to finance the modernization of their military forces. Some progress in the development of integrated air defence system and the creation of Common Rapid Reaction Forces (CRRF)



notwithstanding, the limited military capabilities of separate countries have kept the CSTO mainly political in nature. The Central Asian RRF group, with its HQ in Bishkek, remains the only multinational CSTO force.<sup>168</sup>

It is very important for Russia to increase her military engagement in Central Asia. Since the dissolution of the USSR, Moscow focuses on maintaining the *status quo* in the post-Soviet space and is endangered by the inclusion of such powers as the U.S. and China. This explains Moscow's efforts in giving a new impetus to the activities of the SCO. It has tried to use the war on terrorism as a means of attempting to unite the SCO states around a common security interest.

As far as military cooperation with other FSU (non-CSTO) states are concerned, prospects are gloomy indeed. Moscow's concerns regarding the change of the government in Kiev include the extension of an agreement with Ukraine on the leasing of naval infrastructure used by the Russian Black Sea Fleet in Crimea. Ukraine also plays a key role in the Black Sea region, where both the United States and NATO seek to increase their presence. Russia wants to keep NATO out of the Black Sea but after NATO enlargement in 2004 she remains the only Black Sea state opposing NATO's greater role in the region. To make matters worse for Russia, several CIS states started to adjust their military structures to NATO standards, as they began to see cooperation within the CIS as counterproductive. The NATO Partnership for Peace (PfP) program gained a new dynamic after 2004, and focused on the post-Soviet space, especially Ukraine and the South Caucasus states. Russia perceives these activities as preparations for the next round of NATO enlargement.

On 28 January 2005, speaking in the Security Council of the Russian Federation, Putin emphasised that Russia would recommend NATO to establish a new format 26+6 (NATO + CSTO) for the development of their further cooperation.<sup>169</sup> The reason behind this is obvious: expanding bilateral ties between separate CIS countries and NATO and opening opportunities for some of them to become NATO members is dangerous for Russia. She wants to be in control of these processes. In a newly proposed format, Russia would expect to retain a decisive role, and subsequent bilateral NATO-CIS relations would depend a great deal on Russia.

#### 4.6.6. *Concluding remarks*

Under Putin Russian policy in the post-Soviet space has become much more realistic than in Yeltsin's time. Although Russia's geopolitical retreat has intensified in recent years, she still remains the leading country of the Commonwealth and will continue to affect developments in CIS countries. There is still one factor that holds the CIS together: it is the member-states long-standing ties with Russia. Majority of them depend on Russia for energy and trade. Russia is using all the political, economic and military levers she still has at her disposal in order to promote cooperation within the CIS. Russia's overriding concern is stability within the CIS, although she still tries to benefit from the unresolved conflicts in the region.

The CIS turned out to be beneficial for a 'civilized divorce' but it did not prove suitable creating a new pro-Russian political-military bloc which envisaged to become a tool for

the reintegration of the post-Soviet space, and opposing NATO and EU expansion. The Russian defence analyst, Alexander Goltz, says that the CIS as an institution is a 'dead body'. It exists only to promote Russia's domination in that region. Russia simply needs this institution to show that she is the boss.<sup>170</sup>

One of the key flaws in Russia's policy towards the FSU is that she seemed not to take into account the changes that were occurring in the post-Soviet space in the last years. It was only after the 'colour revolutions' in Georgia and Ukraine that made the Kremlin notice the need to reshape thoroughly the regional security system in the post-Soviet space. The pro-Western foreign policy orientation of some FSU states made military and security cooperation with Russia hardly possible. For instance, Georgia and Moldova concentrate on the Russian abandonment of military bases, while Turkmenistan, which declared neutrality, does not take part in cooperation at all.

Russia retains a strongly patrimonial mentality regarding the FSU. There is considerable unease about U.S. presence in Central Asia and Georgia. Significantly, such Russia's concerns are expressed not just vocally, but also in her growing security engagement with CIS member-states, both at the bilateral level and in multilateral forums such as the SCO and the CSTO.

On the whole, Moscow's tendency to view FSU countries as her 'near abroad' and as a military buffer zone remains unchanged. This, in fact, reflects the absence of any real policy towards the post-Soviet states beyond the general belief that they remain within Russia's legitimate 'sphere of influence'. Moscow's approach, as such, is increasingly bringing defeat and humiliation to the Kremlin. Latest developments in the FSU, particularly in Ukraine, bear the evidence that Russia's integrationist initiatives in the post-Soviet space are in danger.

Russia's zero-sum mentality with regard to the CIS is unrealistic. Given the preoccupation with domestic reforms, Russia is not in a position to consolidate the CIS, reclaim a monopoly on the regional security agenda and promote regional economic development.<sup>171</sup> Thus, Moscow should recognise that Russia and the West share common concerns about stability in the CIS. It is likely that Moscow will pursue consolidation and cautious expansion of influence in the FSU, without risking military adventurism in places such as Georgia. Although a strong hegemonic mindset remains, the means to realize such ambitions are lacking and will remain so for the foreseeable future.

## **4.7. The new quality of NATO-Russia relationship**

### ***4.7.1. NATO enlargement and Russia: a declining problem?***

(...) perceptions are stubborn things, especially when they have a history behind them. They can persist long after the reality they once reflected has changed.<sup>172</sup>

The regime's transition from Yeltsin to Putin led to major changes in Russian foreign policy including Russia's attitude to the enlargement. Furthermore, 9/11 has created an entirely new context for NATO-Russia relations: confrontation and distrust were



replaced by a spirit of collaboration. The positive change in U.S.-Russian relations enabled Russia to stop seeing NATO enlargement as an insurmountable obstacle to closer cooperation with the Alliance. While in January 2001 President Putin warned in his speech that NATO's expansion into the Baltics would be a 'serious matter', right after the 9/11 events he toned down the Kremlin's objections, saying only that enlargement is pointless. Putin used to state that Russia and her European neighbours had to learn a new language of trust, and that Moscow was keeping a close watch on NATO's changing role as a more political body. '... one can take another, an entirely new look at this if NATO takes on a different shade and is becoming a political organisation,' Putin said, adding that Russians would reconsider their position with regard to such expansion if they were to feel involved in such processes.<sup>173</sup>

In accordance with the plans of the Bush administration, NATO has expanded according to a 'Big Bang' scenario: at the Prague summit in November 2002 the Alliance issued invitations to seven new members, including the three Baltic States. That would have seemed impossibly provocative not long ago, but in 2002 Russia likely had less reason to mind even against the Baltic invitation to join NATO. By most accounts, enlargement was presented as a mistake but as an internal issue for the Alliance. For its own part, NATO took advantage of an opportunity to involve Russia in broader security issues by offering her a new format of cooperation aimed at widening the relations between Moscow and Brussels and giving Russia an equal voice in the new forum. New footing for NATO-Russia cooperation was expected to solidify a Russian commitment to Western values.

What are the grounds for the changing Russian attitude towards NATO? The answer is complex, but certainly includes the following mutually reinforcing points. First, regarding NATO as a threat, the perception is clear: few believe that an enlarged NATO, even embracing the Baltic States, poses any kind of military threat to Russia. However, as Lo argues, one should differentiate between the 'notion of physical threat' and the more abstract idea of 'geopolitical disadvantage'.<sup>174</sup> The significance of the first declined during the 1990s, while the second, on the contrary, has retained its relevance. NATO is not seen as serving Russian interests in the region. Moreover, it is perceived as related to the risk of moving dividing lines further East.<sup>175</sup> Being still a symbol of the Cold War, NATO yet has far less military strategic than psychological importance. It is 'not a question of danger but question of pride'.<sup>176</sup>

Second, a key desire for Russia is to maintain good relations with the West. Russia under Putin has been looking for a pragmatic international role beyond NATO, a role that would help create Russia's new image in the West and gradually restore her prestige as an important player. For a nation trying to normalise its relations with the U.S. and Europe winning some kind of arrangement with NATO becomes of crucial importance. What is more, Russia's primary fear about the consequences of NATO enlargement is that Russia will be strategically isolated from Europe, East and West. According to Sean Kay, a former U.S. defence official, although Russians often have viewed NATO as a threat to their interests, currently they have realized that 'they have more to gain by not standing in the way'.<sup>177</sup> Russia's goal is to get as much influence in European institutions as possible, so why not to take an opportunity to achieve this. Therefore Russian leaders seem to distinguish between the specific problem of NATO

enlargement and the broader, more fundamental issue of Russia's overall relationship with the NATO member states.<sup>178</sup> To quote Robert Hunter, a former U.S. ambassador to NATO, Russia 'acquires opportunities to get engaged in the West with benefits that are larger than NATO': elevation of her status as an international player, Western expertise and technologies to fight common threats and fostering economic cooperation with Europe.<sup>179</sup>

The third factor is based on the recognition that Russia could neither influence nor stop NATO's enlargement. Russia's bullying in the past proved counter-productive. The more the Kremlin demanded that NATO should stay away from post-Soviet countries, the more it underlined their need for security. Given that NATO, first time in its history, moved beyond the borders of the former Soviet Union, the Baltic invitation to the Alliance was considered among NATO analysts as a failure of Russian policy. Therefore Putin needed to lessen the blow and take account of such events well in advance so that they would not be perceived as a defeat for him personally and a defeat for Russia. Step by step the Kremlin team started to accept Baltic membership of NATO as, in fact, a solved issue even before 9/11. Thus Putin's soothing line on NATO expansion reflects a bid to reconcile public opinion to a decision he is powerless to stop.

Fourth, it should be said that NATO is increasingly viewed in Moscow as the only European organisation that has the means to guarantee security.<sup>180</sup> At the same time, Russian political elites realise that the Alliance will never be the same again. They perceive that NATO in fact no longer matters that much militarily anyway. Russian debate became centred on NATO's transformation rather than who was entering the Alliance. Russians now see NATO more as a political organisation rather than Europe's nuclear guarantor.

Finally, neo-realist thinking plays not the least role here: one of the strongest arguments why Russia did not fiercely object to NATO's expansion in the former Soviet area (which has always been defined in Russia's foreign policy doctrine as a 'zone of vital interests') was that Russia realised that influence in new NATO countries would not be lost completely – only its nature would change. Being deprived of political influence in Central and Eastern European countries, Russia is seeking to dominate their economies, particularly in the energy sector. And despite Russia's changing perception *vis-à-vis* NATO, the latter's expansion is still probably the biggest and the thorniest issue in Russia–NATO relations. The lack of Russia's options does not mean that she regards this state of affairs as satisfactory. Many officials in Russia, especially those from 'power ministries', are deeply unenthusiastic about the sorts of cooperative policies they would have to implement to work with NATO.

There is also growing dissatisfaction with more traditionally favoured European security and political bodies, including the OSCE and the Council of Europe. Putin called for a revision of Europe's security structures that would enable Russia and the West to work more closely together against outside threats. He spoke in favour of creating new security architecture in Europe, saying that the current security system does not ensure security at all. Putin knows he cannot block NATO's advance, but he can reasonably hope to change NATO itself into a more political organisation, which Russia might one day join (about Russia's theoretical and practical possibilities of



joining NATO see Appendix E). The more political NATO becomes, the more Moscow can influence decisions within the Alliance. Simply put, Putin and his national security strategists have changed their tactics: instead of unconditionally opposing NATO's enlargement, they suggest the creation of a united security system in Europe.

#### *4.7.2. NATO–Russia Council*

NATO and Russia face many similar challenges to their security, including trans-national threats, such as global terrorism and WMD, as well as continued dangers posed by instability in the regions of concern to them both. As regards Russia's perception of threat, what Putin has done is not so much to ignore 'hard' security (nuclear and conventional deterrence, geopolitical advantage) as to renew stress on 'non-traditional' security problems such as terrorism. In this sense one could say that NATO and Russia share similar perceptions of threats, and there is a number of areas in which they can work effectively together. Therefore, the logic runs, it is in their mutual interest to forge a new relationship based on true partnership that can help contribute to lasting security and stability for all in Eurasia.

Since 2001, when Russia became an important partner of U.S.-led global anti-terrorist coalition, possibilities for NATO-Russia cooperation increased dramatically, culminating in the proposal made by the British Prime Minister Tony Blair and Lord Robertson, then NATO Secretary General, to include Russia in NATO decision making on certain issues. This was a new relationship giving Russia a unique status in a forum, initially dubbed 'NATO at 20' (19 NATO member states and Russia), officially called the NATO-Russia Council (NRC). In this structure, inaugurated in Rome on 28 May 2002, Russia has a seat at the table for discussions and consensus building on specific issues of concern. The NRC was bound not to compromise the rights of NATO members to have autonomy in making decisions 'at 19', including admitting new members, sustaining NATO's integrated command, and maintaining the strong coherence of its common values and practices. Nor was it supposed to be a backdoor to Russia's NATO membership. The motto was not Russia to NATO but Russia with NATO.

These details were the most critical, but keeping in mind the broader view was also important: the question of the NATO-Russia relationship was every bit as much about NATO's dilemmas as Russia's problems. NATO is not merely a pragmatic alliance of sovereign states. It is based on the trans-national values, practices, and institutions of its members that enable them to work together and to sustain a level of assurance about one another's intentions that makes meaningful security cooperation possible. NATO should take Russia seriously, but if the Russian leadership continues to approach NATO along the same lines as it did during the 1990s that will not suffice. As Alexander Versbow, a former NATO Ambassador in Russia, put it, 'Russia will need to develop a new culture of cooperation – a spirit of flexibility, understanding, and compromise'<sup>181</sup> that is essential for an organisation working on the basis of consensus. This is the way NATO works, and this is the way that NATO-Russia relations also will need to work.

It should be noted that through the history of NATO-Russia relations it is the second rapprochement between the former Cold War foes. The first one was in 1997, when

signing *Founding Act on Mutual Relations, Cooperation and Security* between NATO and the Russian Federation and creating the Permanent Joint Council (PJC) took place with the aim of developing strong, stable and enduring partnership. This was supposed to be achieved through the mechanism of consultation, coordination and, if appropriate, joint decisions and joint actions. In between these two rapprochements, NATO-Russia relations experienced their ups and downs. Just to mention a few of the recent pressing security challenges triggered by the Balkan conflicts, especially the Kosovo crisis, two Chechen wars, and the current U.S.-led international coalition's war against terror.

The NATO-Russia PJC offered for Russia sought partly to assuage her anger over NATO's enlargement, there were regular, set-piece meetings between Russia and the Alliance on what is called a '19 plus one' basis. In other words, Russia sat at one side of the table, while 19 NATO allies sat at the other. What were the main reasons making both sides become frustrated with each other? Trenin argues that the Founding Act *per se* was 'neither fundamentally flawed nor necessarily doomed' but from the very outset, the partners' attitudes 'were not particularly conducive to success', as both sides were reluctant to overcome the Cold War stereotypes.<sup>182</sup> Russia, seeking to restore her great power status in a multi-polar world, tried to drive a wedge between NATO's American and European allies, i.e. to play Europe as an antidote to U.S. predominance in the world. NATO, in turn, being cautious that the Russia-NATO PJC might overshadow the North Atlantic Council (NAC), denied the opportunity for Russians to influence the Alliance's policies before decisions had been taken. That is to say, 'nineteen plus one' format turned into 'nineteen versus one', and the two years of the functioning PJC has not become a good working model for closer cooperation.<sup>183</sup>

Russia was determined not to find herself presented at meetings with 'take-it-or-leave-it outcomes' preordained by the 19 NATO members. NATO, in turn, was insistent that Russia would not be able to veto its independent action. The compromise was to set up a new body – the NRC. NATO started to include Russia throughout its deliberations, rather than presenting her with unchangeable policies before beginning the dialogue.<sup>184</sup> This was the biggest difference between the NRC and the PJC. However, this is not to say that the NRC without the pre-conditioned Alliance's positions gives Russia a veto over NATO's decision making. The Alliance continues to function 'at 26' (since seven new members joined NATO in April 2004) by retaining its prerogative to undertake independent actions and decisions on any issue consistent with its responsibilities under the Washington Treaty of 1949. But it is also true to say that NATO and Russia have now reached a consensus that will allow Russia, albeit to a limited extent, to influence NATO's policy.

There were expectations that the founding of the NRC and further strengthening of ties would eventually encourage Moscow to better understand the real meaning and purpose of NATO enlargement and thus avoid the wrong impression that its eastward expansion would mean Russia's political defeat. An important component of the NRC is communality of interests, first and foremost, counter measures against asymmetric threats and nuclear, biological and chemical (NBC) terrorism. Being fully separated from the NAC, the new Council focuses on a restricted list of 'softer' issues ranging from anti-terrorism, efforts to combat the proliferation of WMD and their means of



delivery, management of regional crises and peacekeeping to civil emergency planning.<sup>185</sup>

To sum up, during four years the NRC elevated NATO-Russian relations to a new level. Visible results have been achieved in the practical cooperation area. Russia's signing the PfP Status of Forces Agreement (SOFA) on troops temporarily deployed on foreign territory, her support in NATO's operation 'Active Endeavour' in the Mediterranean, Agreement on Political-Military Guidance towards Enhanced Interoperability between Forces of Russia and NATO, preparation of political conception of Russia-NATO joint peacekeeping operations, cooperation in responding to threats posed by the proliferation of WMD, international terrorism and other areas show that NATO and Russia can cooperate in building international security. On the other hand, one could see that NATO-Russia cooperation is over bureaucratised: seventeen different working groups in the NRC format make no significant contribution that would justify their functioning. There is almost no cooperation on Russia's defence reform despite that a working group for this purpose was established.

#### *4.7.3. Different views and challenges*

Narrowing of positions on a number of issues notwithstanding, opinions within NATO and in Russia vis-à-vis new format of cooperation are not in harmony. There appeared to be several contradictions for Russia to resolve: first, how to develop stronger ties with NATO without strengthening it politically at the expense of other organisations; second, how to pursue collaboration with NATO without direct military integration; third, how to come to terms with NATO's enlargement eastwards (Moscow tends to differentiate between states such as the former 'partners' in the Warsaw Pact and those like the Baltic States, which had been an intrinsic part of the Soviet Union).

According to Chris Donnelly, the former Special Advisor to NATO Secretary General, currently Senior Fellow of the Defence Academy of the UK, two points concerning NATO-Russia relations should be taken into account. The first is that NATO and Russia today want to do different things with each other: 'NATO wants to convert Russia and make it a more European country', whilst Russia wants 'to restrain NATO, reduce NATO's strength'.<sup>186</sup> The second is that NATO mechanism of consensus works in a very particular way. Consensus in NATO means that member states lay on the table those issues on which they can agree. Russians were never good at that, because all 'they want is only to talk about issues on which they disagree'. This is simply because Russia, throughout all her history, has never been in a relationship with any other nation when she was able to build up an agreement.<sup>187</sup>

The new body fell far short of what the Russians had sought: real influence on a range of NATO's deliberations outside its core mission of collective defence. The Russians, nevertheless, have perfectly realised that the best way to deal with this is to get inside and try to work the system by pushing the process along.<sup>188</sup> For Russians, to have power on NATO is equivalent to having a veto in the NATO-Russia Council. They have never understood that to have influence in the Alliance Russia needs to have junior officers and junior diplomats working every day in NATO headquarters.<sup>189</sup> And there is one more point: Russians do not want to be considered equal among commonality of

European countries. In their view, Russia can only equal the whole of NATO. No way can she equal any separate NATO member.<sup>190</sup>

The major challenge for the effectiveness of NATO-Russia partnership is that Russia wants to cooperate with the Alliance on issues like terrorism and non-proliferation but is not willing to integrate with NATO and cooperate side by side. In short, Russia wants integration *with* but not *into* NATO (my italics). Genuine integration with NATO would mean the end to the idea of the Russian army as it is today.<sup>191</sup> Due to the reason that Russia wants to integrate on security issues but has no much interest in military integration NATO-Russia cooperation has been rather limited in the Alliance's main sphere of activity – the military. On Russia's part it is lack of trust in NATO that largely explains such an attitude: Russian military elite still regards NATO as a potential threat.

Cooperation is equally restricted in the political area. Open discussions should evolve not only on broad international security issues but on issues which are sensitive for Russia and are also concern to NATO, such as Russia's relations with post-Soviet countries. This is to say that NATO should not only propose a 'shopping list' for the cooperation agenda chosen by Russia but try to work with her in the areas of NATO interest: the democratisation of Russia, defence reform, NATO-Russian interaction in post-Soviet space, especially in conflict regions.

In general terms, over the four years since the signature of the Rome declaration, the NRC has evolved from an ambiguous political idea to an operational reality. However, as there is some mistrust on both sides, the NRC participants at the initial stage had deliberately gone on the route of developing a low profile, essentially symbolic cooperation, without counting on any serious breakthroughs in key areas.<sup>192</sup> Donnelly says that Moscow's position on this is that tactical NATO-Russia collaboration will not be allowed to grow up to strategic level.<sup>193</sup> It seems that the activity of the NRC was not so much aimed at achieving significant progress, but at preventing breakdowns of cooperation.<sup>194</sup>

#### *4.7.4. Future perspectives*

There have been many debates going on about the NATO-Russia Council, whether it is continuity or dramatic change, and whether it will lead to new relations in the long run. It is worth bearing in mind that the creation of the NRC was, after all, the Allies' initiative, and it was NATO, with relatively modest input from Russia, who crafted the Rome Declaration and shaped the NRC's structure and agenda. Therefore the creation of the NRC represents more a shift in NATO's perception and policy in terms of security priorities than in Russia's course of action.<sup>195</sup>

Two questions arise with respect to arriving at some decision about further development of cooperation between Russia and NATO. First, why does Russia need to cooperate with NATO at all? Second, what practical results can be expected from this cooperation? Igor Ivanov talks about Russia's interest in 'the [NATO - Russia] Council becoming one of the basic elements in a new system of Euro-Atlantic security in the very near future'.<sup>196</sup> At the same time, Moscow is not rushing to put these intentions



into practice, rather it seems to be watching from the sidelines to see what will come out of NATO's transformation.

Russia continued to promote security cooperation with the U.S. in the global war on terror despite Putin's objections to the Iraq war – the issue was not discussed within the NRC forum, but rather through bilateral discussions between Washington and Moscow. This means that the framework of Russia-U.S. strategic partnership rather than NATO organisation was favoured. In this respect, the question now is whether the preoccupation with the campaign against global terrorism will not precipitate arrangements that will in fact dilute the political cohesion of the integrated Atlantic Alliance. NATO's political organisation is likely to rest on three pillars: the U.S., the EU and Russia.<sup>197</sup> That said, the condition of Russia-U.S. relations as a whole will have an obvious impact on how Moscow deals with NATO in the future.

Within four years of common activities, NATO and Russia started to see each other as partners: the NRC has spoken with a single voice on international terrorism, the Balkans and Afghanistan. While 2002 was mostly dedicated to getting the political structures right, most of 2003-2005 were dedicated to developing mechanisms of practical cooperation. Thus, within a short period the NRC has proven effective within its defined areas of cooperation.<sup>198</sup> However, beyond these relatively easy initial successes, the willingness to have the NRC on harder political issues, for example, frozen conflicts in the CIS, would be a key test of its resilience. It is likely that NATO and Russia will continue to have serious differences on key foreign policy issues.

Expectations that Russia might actually be starting the process of changing her attitudes toward NATO expansion, thereby changing her entire security paradigm have not materialised. The fact that Russia has not yet amended her primary security documents - the National Security Concept and the Military Doctrine - indicate that Russia may merely be engaging in rhetoric and opportunism to gain from NATO as much as possible.

It is also apparent that Russia seeks to anchor in the NRC structure in order to influence NATO transformation from a military-defence bloc to a more political organisation and split it from inside. The key tactic to achieve this is to weaken Euro-Atlantic links, escalate tension between the United States and the European Union – this is already being done by pursuing a policy of establishing strategic alliances both with the U.S. and with Germany or France.

## **4.8. Defence policy**

### ***4.8.1. Key problems of the military***

The issue of whether Russia will strengthen democracy, the civil society and a law-based state depends to a great extent on how the government and Russian society shape relations with military circles within the state. By and large, militarism has traditionally been of key importance in formulating the idea of national statehood among the Russian public. Since Putin's rise to power in 1999, the influence of *siloviki* on the government

has grown: during Putin's presidency, about 6000 members of the FSB and the military have been integrated into the ruling elite. Most notably, the presidential administration - the power centre of the Putin regime - has been interspersed by up to 70 percent with officers from the secret services and the military. Almost all positions of deputy head of the Kremlin administration were taken over by them and their sphere of power expanded.<sup>199</sup> Now these people have hold over the parliament, oversee parties, governors, public prosecutors, mass media and many NGOs. According to Kryshchanovskaya, Russia today is 'militocracy': people with military and intelligence background make up around three quarters of Putin's top officials, as against just 5 percent of Mikhail Gorbachev's Politburo.<sup>200</sup> They occupy 70 percent of seats in administrative structures of federal districts and 35 percent of deputy ministers' positions.<sup>201</sup>

Putin inherited an unreformed and undemocratic military and an incoherent defence policy. The Soviet Union's once mighty army has been in a state of accelerated decay since the early 1990s. The sinking of Russian submarine 'Kursk' in the summer of 2000 revealed that the situation within the military could not be described otherwise than a shambles. More alarming than the situation created by severe resource constraints has been the erosion of professionalism and control that keeps military in check. Living standards and social security of the armed forces have declined significantly, weapons procurement has decreased sharply; consequently, military readiness, training, morale and discipline have suffered. In March 2001, the combat readiness level was estimated at 25 percent of all units.<sup>202</sup> Instead of a military ethos, there has been institutionalised corruption and politicisation. Goltz says that Russian society and the state *per se* are much more advanced than the existing military system, which remains stuck in Soviet times.<sup>203</sup> That creates a problem because the society does not want to participate in and support such armed forces.

Defence reform has topped President Putin's agenda since he was first elected in 2000. From the start, Putin's team faced strong opposition from the conservative lobby inside the MOD and the General Staff (GS). A former intelligence officer and Putin's close ally and protégé, Sergey Ivanov, was appointed with a mandate to push through the reform agenda within the MOD. However, he became 'too disposed towards the military viewpoint'<sup>204</sup> to make meaningful cuts in staffing or shake up military funding. He was also hampered by serious opposition from the GS headed by General Kvashnin. According to Denis Trifonov, special correspondent of *Jane's Defence Weekly*, between 2001 and his dismissal in July 2004, Kvashnin blocked Ivanov's plans to create rapid deployment forces, develop professionalisation programme, make the MOD's procurement plans more transparent and shift to post-Cold war defence planning principles.<sup>205</sup>

As of 2005, the Russian Armed Forces numbered about 1 million (with a military budget around the size of Switzerland's), down from 4.3 million Soviet troops in 1986.<sup>206</sup> For more than a decade Russia had cuts in her military forces instead of reform, but not the cuts that would help with reform. Cutting numbers has not achieved savings. What is more, military obstruction and the leadership's neglect of reform has 'fostered the overt politicisation of the armed forces', greater corruption, a 'repeated resort to



internal war', and thus heightened insecurity.<sup>207</sup> As a result, the military were transformed but unreformed.

Although many times plans have been announced about the creation of a regular army, the Russian Armed Forces are still largely conscript forces. On the one hand, professionalisation is related to Russia's economic problems, on the other – the conservative military establishment does not want to abandon conscription system for obvious reasons. First of all, it is related to mass mobilisation. It is instructive in this regard that until the Chief of the GS, General Kvashnin, left his post (July 2004) Russia's military leadership was stuck in the Cold War mentality, advocating the need for large ground conscript forces and maintaining a deep-seated belief in the need to remain ready for a total war against Western Europe.<sup>208</sup> Consequently, defence planning continued to operate from just such a premise. Secondly, the majority of the military elite has a personal interest in keeping things as they are. A conscript army is a big one with many pretensions and a lot of generals. Most important, it is the conscription system that provides very favourable conditions for senior officers to handle soldiers deprived of their rights. And for those administering the draftees, corruption helps perpetuate the system.<sup>209</sup> The real victims are the conscripts themselves. Such an approach to 'human factor' is contrary to delegating authority to non-commissioned officers (NCOs) - the backbone of discipline and training in many Western countries. It should be said that Russian NCOs are just 'conscripts with chevrons'; the Russian army is the only army in the world that has no career sergeants.<sup>210</sup>

There is neither a lawful overall policy process nor a specific democratic institution legally ordained with regular and general oversight, and leadership of national security and defence policy. The lack of accountability extends throughout the entire military system. The Duma under Putin has had almost no influence whatever; on defence policy as a whole or the military budget.<sup>211</sup> The absence of accountability and legal control help perpetuate and instigate politicisation of the military and *dedovshchina*.<sup>212</sup> It is noteworthy that more than 2,000 soldiers die each year from accidents, murder or suicide.<sup>213</sup>

A major consequence in the absence of legal control is the trend towards a police state. Penetration of secret police into society is particularly visible in the military. In February 2000, Putin ordered the FSB, one of four KGB successor bodies (along with the SVR, FSO, and GUSP), Russia's domestic intelligence agency, to restore surveillance over political allegiance of military personnel and become, once again, a centralised organisation, unifying both counter-intelligence and the police within the army.<sup>214</sup> Reorganisation of security organs deserves special mention. In March 2003, Federal Agency for Government Communications and Information (FAPSI) was abolished and its functions split between the MOD and the FSB; the Federal Border Guard Service (FPS) was incorporated into the FSB.<sup>215</sup> The Kremlin's policies today emphasise the armed forces' internal security role as much as their task of defending the integrity and sovereignty of the Russian Federation. Yeltsin and Putin have actually erased the line between domestic and foreign threats and functions confronting the various police and military forces.<sup>216</sup>

The biggest burden of the Soviet heritage is the military industry complex (MIC) within the state. The future of the armed forces and the future of the MIC are inextricably interlinked: the reform of either one depends on the reform of the other. Analysts point out that the declining MIC for long was sustained through sales of its earlier stocks and by limited upgrades, with research and development (R&D) almost defunct.<sup>217</sup> The Russian military needs an effective industry to provide them with weapons in the future, and the Russian military industry requires a substantial home market for its products if it is to survive. Up to 2005, the defence industry has largely relied on its enormous reserves of R&D from the 1980s and early 1990s for the current generation of weapons.<sup>218</sup>

#### 4.8.2. *The basics of military reform*

There is a great need for military reform in Russia – the Cold War model of the armed forces is no longer adequate. Military reform *per se* is a challenge for any country as it requires the revision of structure and nature of operations of the armed forces. Russia faces similar problems other countries have experienced, but the legacy of the Soviet Army makes these problems, and reform, more difficult. What complicates Russia's military reform is that she has to deal with the problem of the transformation of the large country from a totalitarian state to a democracy and from a centrally planned economy to a market economy.

Donnelly argues that when assessing the factors influencing Russian military reform today, the Soviet inheritance plays just as large a role as do the basic requirements of the armed forces and the demands of the new security landscape. Russia's dilemma today is how to reconstruct, from her inherited Soviet military basis, new armed forces and security forces, which could be able to meet the following security challenges: the long-term neighbours to the south and the east; internal security threats caused by instability on Russia's periphery and the new security threats posed by the changing global security environment.<sup>219</sup> It cannot be denied that security policy and military reforms in large part depend on the country's economic development. There are sharp contradictions between Putin's efforts to launch a functioning market economy on the one hand and the needs of the MIC on the other. As General Piskunov noted, 'if we arm ourselves without taking into account the cost, our army will destroy us – economically'.<sup>220</sup>

President Putin has undertaken some measures to halt the decline of the armed forces. Although the military budget in 2004 more was more than quadruple compared with that when he first took office in 1999, it will take years of consistent increases to improve the conditions of the Russian military.<sup>221</sup> Given Russia's finances, the choice is either small but good or large and bad armed forces. Too many generals are wedded to the large. In his annual State of the Nation speech to the Federal Assembly in 2002 Putin pointed out that one of the unquestionable priorities of the Russian military policy is keeping the reform on track and the transition to the professional army by cutting the mandatory two-year conscript service to one year.<sup>222</sup> In 2003, in his address on the same occasion Putin said that 'Russia must become a nation with up-to-date, ...mobile armed forces, ready to defend Russia, ...its national interests and citizens'. He promised that the military should be nearly fully professional by 2007.<sup>223</sup>



Since 2003 the Russian political leadership has started to pay growing attention to its armed forces. Military reform has finally moved from its deadlock: the legal basis of the armed forces' development has been formulated and corrected, and new normative documents, including the Defence White Paper, have been accepted.<sup>224</sup> In 2004, Putin's administration undertook the reform of the main structures of military establishment – MOD and the GS. Putin's decree of June 2004 cut the powers of the GS and reduced it to a department of the MOD with functions of an advisory group, responsible for strategic planning.<sup>225</sup> For years, the two institutions had existed as rival centres of power and fought over operational control of Russia's Armed Forces, which was finally transferred from the chief of the GS to the defence minister.<sup>226</sup> Subordination of the GS to the MOD, followed by sacking Kvashnin in July 2004 has arguably been the most important step taken by Putin. This was a sign that things at last started to change. It was Kvashnin who in 1999, at the end of the Kosovo war, ordered Russian troops to seize Pristina airport, provoking a stand-off which soured relations with NATO ever since. He failed to plan for new sorts of war of the high-tech or guerrilla varieties and instead ran exercises designed to repulse massive invasions from East and West.

The GS responsibilities are now limited to research and planning, military education and intelligence gathering (Russia's defence intelligence agency, the GRU, is a directorate of the GS). Service chiefs and commanders of Russia's six military districts now report directly to the minister of defence and his staff. An essential element of the institutional reform has been stripping the GS of most management functions. Personnel, procurement, construction and finance have been transformed into independent services under ministerial control. The GS, which has been bitterly opposed to plans for all-volunteer force, no longer manages the system of compulsory national service.<sup>227</sup>

Together with the restructuring of the military establishment there was also a substantial increase in budgetary allocations for the development of the armed forces and other power structures.<sup>228</sup> As a result of the improved financial situation, the MOD no longer spends its entire budget on operations. Procurement programmes and equipment modernisation are in better shape than at any time in 15 years; Putin has consolidated the arms industry, brought the large sectors of it under the government's direct control, and has forced major exporters to reinvest part of their revenues into the production of weapons for the armed forces.<sup>229</sup> The number of military exercises per year reached the level of Soviet times and tends to increase.

But despite all that, in principle military reform has seen only marginal progress, and Russian Armed Forces have had a limited success in addressing the existing security needs. To respond to new threats, especially Islamic fundamentalism, and, in a broader sense, international terrorism, in the words of Steven Blank, Professor at the Strategic Studies Institute of U.S. Army War College, so far Russia's military capabilities have been, 'on *matrioshka* doll level': the deeper you look the less substance you find inside.<sup>230</sup> There have been largely bureaucratic actions trying to get more control of the key military institutions, especially limiting independency of the GS. The latest reshuffle in the top military leadership is symptomatic of the way military reform is being carried out in Russia, which is from the top down, exactly in the wrong order.<sup>231</sup>

The power ministries, security sector have not been subordinated to democratic control and the rule of law; they still are above the law.

According to Donnelly, the issue of transforming the defence and security establishment in Russia, as in all post-Soviet states, can be broken down into several distinct, though inter-linked, areas: democratic control; civil-military relations; defence reform; industrial conversion.<sup>232</sup> A particularly vital issue remains democratic civilian control of the military. Whilst currently under civilian control, (the current defence minister and his deputy are civilians), this has not led to more democratic control over the armed forces. Democratic civilian control should be carried out by the Duma through monitoring the compliance of the government policy and the armed forces (and security forces). It seems unlikely that in the near future defence and security policy will be either transparent or fully accountable to the Duma and the judiciary. Civil-military relations in Russia today are far from European normative standards. There exists a severe democratic deficit in military policy, where senior people account only to their personal superiors, not to the law or legal institutions, and 'autocratic and patron-client relationship dominate the armed forces'.<sup>233</sup>

As in any other country, decisions on defence and security transformation in Russia, must be a joint responsibility of politicians and military experts. Moreover, the reform of the Russian Armed Forces should be considered as an integral part of the broader security sector reform, encompassing all power ministries, agencies and forces of national security, both internal and external: the Ministry of Interior, border troops and police forces, and other militarised agencies. The traditional split of military forces under three ministries - MOD, Interior and KGB (Border Guards) – was a specific feature of the Soviet system designed to prevent too much power being concentrated in one ministry and becoming a threat to the Communist party. This heritage of multiple militaries, further complicated by Yeltsin, still plagues Russia.<sup>234</sup> Although this chaotic system has now been restructured, it is still far from satisfactory, 'resulting in widely differing standards of discipline, training, morale and competence'.<sup>235</sup> The current mix of military forces is costly and inefficient. Streamlining and rationalising this system would be basic to the success of military reform.

Another problem is the enormous Cold War military infrastructure that Russia inherited upon the disintegration of the USSR. This infrastructure is unnecessary but it exists, consuming a substantial part of military spending and obstructing the formation of a modern army in Russia.<sup>236</sup> To maintain this obsolete structure to the detriment of the reform of the military system as a whole has required the GS 'to maintain the image of NATO as a potential future threat', despite the positive changes in Russia's relations with the West and NATO, and the evident new threats that Russia faces today.<sup>237</sup> Understandably, it is very hard for the Russian military leaders to admit that there is no longer a threat from the West. Donnelly argues that if the Cold War infrastructure were dismantled, the rationale for many officers' careers would be removed. The officer corps would have to be restructured and much equipment destroyed. To achieve this would require very firm control by the Russian leadership to overcome the 'deep-rooted interests and innate conservatism' of the GS and to force them to address the real threats to Russia's security. Most Russian analysts today assess that the current leadership is not capable of exercising such a degree of control, which would require not only to give



orders to the generals but also to have a mechanism to check upon compliance. This would require a high degree of understanding of the faults of the old system and a clear vision of a new system.<sup>238</sup>

Arguably the backbone in reshaping Russia's Armed Forces to meet the current security challenges is cadres. The most immediate issue to be solved regarding the personnel policy is organisational in nature. This concerns the process of career development inherited from the 'Soviet system of *edinochaliye*' – rigid command and discipline developed for and appropriate to wartime conditions. Such system has proved totally inappropriate in peacetime. Firstly, it has led to poor internal communication between ranks: 'top-down orders discourage bottom-up ideas', and resentment flourishes. Secondly, it resulted in the current military system's failing to develop a transparent and consistent system for officer evaluation and posting or promotion.<sup>239</sup>

As part of a plan to reclaim the country's great power status, Putin has a desire to restore Russia's influence across her 'near abroad'. Russia's National Security Concept and Military Doctrine (both of 2000) explicitly postulate military reintegration of the CIS as a goal. The plan of integration appears as an opposing model to the one of NATO and resembling a hegemonic system, where Russia retains control over the CIS states and their armed forces (see Appendix D: Collective Security Treaty Organisation in the post-Soviet space). A key importance is attached to the creation of Rapid Reaction Forces (RRF) of the CIS states and increasing of the interoperability between Russian and CIS forces. The most advanced case of military integration is clearly between Russian and Belarus forces. Putin's goal is to create unified CIS military and a uniform defence industry, shifting from nuclear deterrence to conventional forces.<sup>240</sup>

The main aim of a successful military reform should be not rebuilding 'muscle' and restoring Russia's ability to project power externally; but optimising the existing military structures based on the economic potential and the real threats Russia is facing. To this end Russia needs genuine reorientation towards restraint and discretion in her foreign policy, materialised in a substantial and sustained reduction of her military engagements outside the borders. The most obvious cases for withdrawal are Moldova and Georgia.

On the whole, failed democratisation and failed military reform are inseparable aspects of the same negative and regressive process. They both entail serious domestic and international consequences. Thus, the way in which the role of the armed forces is defined in Russia will have much to do whether Russia will manage to create a truly democratic society. Put another way, Russia will not have a normal military unless she has built a democratic state; and transformation has to be directed from the state to the armed forces, but not vice versa. A genuine reform must embrace the whole security sector, including the defence industries, and military science and education. As long as this failure persists Russia can neither be a fit partner for the rest of Europe nor conduct a truly European security policy.<sup>241</sup>

#### *4.8.3. The Defence White Paper: new trends*

In October 2003 Sergey Ivanov presented a report 'The Priority Tasks of the Development of the Armed Forces of the Russian Federation', which was also called the Defence White Paper (DWP).<sup>242</sup> The document addresses the question of what sort of military Russia needs to fight modern wars, including how to project power abroad. Experts call the document the 'Ivanov Doctrine', to separate it from the official Military Doctrine adopted in 2000. In fact, the document does not correspond to the requirements of the military doctrine, according to the structure and level of its approval. It has only an interim character, and reflects how the Russian MOD sees the doctrinal problems and pressing tasks of armed forces development.

At the strategic level, MOD sources indicate that military transformation is seen as a step towards achieving three objectives: enabling Russia to combat terrorism, restoring Russia's ambition to project power globally; and consolidating Russia's influence in the FSU. It should be stressed that the 2003 DWP reveals a much wider perception of military threats. Not only a direct military threat but equally all actions of foreign countries that may undermine Russia's interests, rights of her citizens residing in these countries, or even unstable or weak governments of neighbouring states are perceived as military threats. For instance, in the DWP some external threats are characterised as follows: 'the deployment of foreign troops on the territories of neighbouring states without Russian consent and without UN sanction; military deployments that change the military balance in countries along Russian borders and those of Russia's CIS allies; and the expansion of military alliances at the expense of the security of Russia and her allies'.<sup>243</sup>

In general terms, DWP makes a fundamental change to the system of military response itself. A major task fixed in the DWP is threatening by military force: Russia reserves the right to deliver preventive strikes at other countries. Moreover, the document allows Russia to be the first to use nuclear weapons (if and when the country is on the brink of defeat). This indicates an entirely new twist in Russia's national military policy. In addition to the two standard types of threats - external and internal - the document incorporates an unprecedented new threat - 'a trans-border' threat. The main threat to Russia comes from 'instability in countries along its borders'<sup>244</sup>, which is caused by the weakness of the regimes in those countries. And that is precisely where the document proposes to aim preventive strikes, if those countries threaten Russia or intend to produce weapons of mass destruction. This implies that Russia has officially refused the traditional concept of deterrence and has chosen a considerably more aggressive version of military response. The DWP states: 'Understanding of the conditions necessary for the use of military might has changed ...a direct military threat to national security' is no longer mandatory.<sup>245</sup> However, in Ivanov's words, the document 'does not specify any preventive nuclear strikes... It merely implies that Russia retains the right to use military might for prevention, CIS countries included'.<sup>246</sup> Speaking at the conference in Reykjavik in October 2003, he added a key detail, saying that military force can be used 'if there is an attempt to limit Russia's access to regions that are essential to its survival, or those that are important from an economic or financial point of view'.<sup>247</sup> Similar expressions were reiterated by Ivanov and the Head of the GS, General Yury Baluevsky, in the wake of the Beslan hostage drama.



These seemingly new additions to the National Security Concept adopted in January 2000 (shortly after Boris Yeltsin handed over his presidential powers to Putin) and subsequently known as the 'Putin doctrine' codified what some observers might consider Russian claims to hegemony in the CIS. This is 'a significant new threat on a much broader scale' to retain the CIS under Russian control, as Braithwaite put it.<sup>248</sup> In short, the 2003 DWP is the first Russian document that permits preventive use of military might and outlines the circumstances when it may be used. Moreover, according to Ivanov, doing this would not require the sanction of the UN Security Council or any other international organizations. Thus, the perception of Russian national interests and military threats has become so broad that, provided there is a political will, it is always possible to find a formal pretext for the deployment of armed forces on any state's territory. For instance, the DWP states that under the president's decision the armed forces may be used at any time when there is a need to safeguard security of economic activity.

According to Goltz, from a legal point of view Russians have all legitimate powers to use pre-emptive strikes. Another question is the target and capabilities to perform such a type of operation. With regard to a target, Russia has to prove to the international community that there is a threat to Russia's national security. As far as capabilities are concerned, Russian Armed Forces are totally unprepared for pre-emptive strikes. Up till now Russia has been able to conduct operations of a type of the Second World War, involving massive armies and without paying much attention to civilian casualties. But if Russia tries to behave the same way, like she did in the Pankisi gorge, the result will simply be the spread of the conflict; it will be clear adventurism. Therefore, Goltz says, all the ideas about pre-emptive strikes on the part of Russia are complete propaganda.<sup>249</sup>

In Lo's view, Russia follows the U.S. and wants to establish a theoretical right for pre-emptive operations but she is not able to carry out them.<sup>250</sup> Blank thinks that Russians, at best, have capability to make quite a few strikes like in Pankisi gorge but they cannot make a successful strike in a strategic sense. Beslan perfectly demonstrated that military and security forces, intelligence, police, and border troops have no chance of achieving victory. They do not even know how to win the war in Chechnya except by destroying her.<sup>251</sup>

Although the overall tone of the 2003 DWP is more moderate than Russia's major security documents of 2000 and it is much more focused than previous military doctrines, it nevertheless contains a series of controversial provisions. First of all, it informs the reader that it is the 'potential of the Armed Forces of the Russian Federation that will be the factor preventing collapse of the system of international relations based on international law'.<sup>252</sup> This is an odd conclusion on the calling of the army, particularly since the document goes on to proclaim unquestionable leadership of the UN, priority of international laws and political means of conflict settlement. Secondly, it includes objectives, which the Russian Armed Forces are simply incapable of achieving in the foreseeable future, like fighting in two localized conflicts simultaneously; they cannot even cope with one. Thirdly, if the main contemporary threat is terrorism; not only to Russia, but to the whole civilized world, then fighting terrorism does not require a new generation of ballistic missiles, nor advanced air

defence systems. However, as it is stated in the DWP, there is pride in deploying new Inter-Continental Ballistic Missiles (ICBMs) and creating an extensive new air defence system. The overall impression created by the DWP is that the fundamental task of taking action against a country or territory that poses a threat to Russia would be a nuclear strike delivered by ballistic missiles. Above all, although nothing is said about any confrontation with the United States or NATO, an important reservation is made to the effect that if NATO remains as a military alliance with the offensive military doctrine that exists today, this will require a drastic restructuring of the Russian military planning and the principles of building Russian Armed Forces, including a change in the Russian nuclear posture.<sup>253</sup> The latter statement could be read as a warning to NATO, underlining that Russia expects that the offensive entries will be removed from NATO's military planning and political declarations. At the same time, according to the specifics of military exercises and their tasks, it is fair to assume that Russia considers Western (NATO) and Far Eastern (China) strategic directions a priority. It is precisely in these directions that she foresees a possibility of using the armed forces for large scale conflicts. Hence, although that the Russia-NATO intercourse is officially treated as good, Moscow still perceives a threat of an expansion of military blocks and alliances, which may affect the settled balance of forces near Russia's borders.

It is also worth noting that the DWP sets out a very rapid transition from 'no-contact warfare' to 'contact warfare'.<sup>254</sup> In other words, it bypasses the phase of warfare, which has been employed by the Americans over the past decade - months of air strikes on enemy territory with the aim of weakening the opponent as much as possible before the invasion. That what has happened in Yugoslavia and Iraq. But the new doctrine proposes quite the opposite: drawing the enemy into operations on the ground very rapidly.

At the same time, the document reflects some encouraging trends. First of all, it contains a more realistic assessment of threats. Any threat of an attack by NATO and the United States is no longer treated as probable and reasonable, and at long last the numerous and diverse conflicts of different levels, mainly in the South, have been given priority. It also stresses that new challenges and threats, such as international terrorism, WMD and ethnic conflicts, points up 'growing importance of international cooperation of security structures, including secret services and armies'. To counter these threats Russia may join international operations led by 'provisional' coalitions, provided they promote the supremacy of international law.<sup>255</sup> Secondly, the document commends 'strategic partnership' between Russia and the United States, and 'supports the war on international terrorism within the framework of the existing counter-terrorist coalition which is an element of global stability and a means of establishing a fairer world order'.<sup>256</sup> This is Moscow's wholly new rhetoric. Last but not least, it is encouraging that the military are talking about their problems, trying to gear the development of Russian Armed Forces to the global trend and comparing them to the armies of Western countries.

Nevertheless, the traditional attitude, dominating Russian political and military establishments, that the strategic nuclear forces are the guarantee of national security and the status of the world power has not practically changed during the last decade. Russia finds that the weakness of conventional forces must be counterbalanced by a



robust nuclear posture. In early 2004 Putin was quoted as saying: 'The Soviet Union's military might, mainly projected through its nuclear forces, was a factor that balanced power in the world. We need to maintain this power and we will.'<sup>257</sup> Therefore strategic and sub-strategic nuclear forces will continue to be the most important element of Russia's military strength but there will be a significant shift of emphasis from large scale/regional war to local war conflict. This commitment has been translated into extra funding for programmes to procure the silo-based and mobile versions of the SS-27 (Topol-M) ICBM and develop the navy's next generation Bulava (SS-N-30) submarine-launched ballistic missiles.<sup>258</sup> At the same time, the DWP confirms the ground forces' supremacy and its commitment to develop the service's capabilities since the army would be expected to take a lead in any counter-insurgency operation.

To conclude, major points of view of the 2003 DWP retains a moderately assertive attitude towards the West, a strengthening Russia's position within the CIS, as well as on the global level, and, most important, emphasises military means as an instrument of security policy by deliberating a possibility of preventive strikes at Russia's CIS partners. In the area of military policy, the DWP emphasises Russia's commitment to transform her military into a professional force capable of countering a variety of threats with fewer casualties and higher degree of sophistication.

In Russia there is no clear mechanism by which Putin can reform the military according to Western standards. Unreformed Russian Armed Forces are increasingly becoming an obstacle for their cooperation with NATO forces on equal footing. It is indicative in this regard that upon Putin's request the working group was set within the NRC with the aim of assisting Russia to advance with her military reform. However, due to the reluctance of Russian military authorities to cooperate in this field nothing has really been achieved.

A recurring concern is the 'intractability' of the Russian military. Therefore some analysts suggest that Putin may start military reform by focusing on a small 'embryonic' force situated within a larger unreformed military; historians point out that this was how Peter the Great 'inserted' his reform plans into the Russian military machine.<sup>259</sup> Such a new army is supposed to include autonomous systems of command and control, training and equipping personnel elements, supplying and provisioning troops, and so on. According to Arbatov, from the viewpoint of manpower and other resources, a '550,000-600,000-strong professional army could ensure the highest quality for Russia's armed forces for the next 10 to 15 years'.<sup>260</sup>

Nevertheless, it would be mistaken to state that Russian military reform is not taking place at all. Russia has recently begun implementing her long-delayed plans to end conscription, resume weapons R&D and the re-equipping all-contracted forces (around 2010). The MOD's plans call for focussing its resources only on Permanent Readiness Forces (PRF) – some 20 percent of the force. The 2004-2008 military professionalisation programme is designed to increase the performance and capabilities of PRF, first of all, their strategic mobility and flexibility.<sup>261</sup> It is noteworthy that since 1999 Russia's expenditure on national defence has increased significantly. The Putin administration has also made building a smaller but more effective military a high priority. The growing budgetary allocations stipulate increasing military activity, growing number

and scale of military exercises every year. Taking into account new military threats Russia seeks to reorganise the entire administrative-military apparatus and the armed forces as much as possible.

#### 4.9. Conclusions

...imperial nostalgia dies slowly, and it certainly lingers in the principal institutions of Russian power, notably the military and security forces, and among Russia's foreign policy elite.<sup>262</sup>

Russia under Putin, albeit emerging from the effects of the Cold War, remains in transition. To paraphrase a prominent expert on Russia, Boris Kagarlitsky, Russia currently is at the parting of two unknown roads: neither is she capable of catching up with the West nor can she allow herself to remain in backwardness.<sup>263</sup> An important problem between Russia and the West has been 'incongruity and a-synchronicity' of development of the two civilisations. For most of her modern history, Russia has been emulating the West. However, since the Peter the Great, Russia's policy has been that of 'belated modernisation, catching up, but always arriving too late'.<sup>264</sup>

Russia is no longer a superpower. Putin is apparently torn between his self-appointed mission to bring Russia into the Western world and the need to stop the West's geopolitical invasion, at the same time being reluctant to break with the West. Though he sees that the West is taking one position after another in Moscow's 'near abroad', he is likely to realise that Russia must choose between two evils – confrontation and submission. The former would require the complete reversal of all post-Soviet efforts to westernise Russia, while the latter – 'becoming one of the resource bases of the West and losing real sovereignty'.<sup>265</sup> Putin supposedly sees the latter as the lesser evil and hopes Russia will be able to buy the time needed to rebuild herself economically and eventually free herself from dependency on the West. In circumstances of uncertainty in world affairs, comparatively weak Russia has little choice but to pursue a status-quo orientated foreign policy that seeks to preserve as many positions of strength as possible from the previous system and to ensure a voice in the formation of a new world order.

Russia's Western-centric orientation did not imply a structural change of her security and defence policy. The 2003 Defence White Paper makes a fundamental change to the system of military response itself: Russia reserves the right to deliver preventive strikes at other countries. It is the first Russian document that permits preventive use of military might and outlines the circumstances when it may be used. This implies a significant new threat on a much broader scale to retain the CIS under Russian control.

Military reform in Russia has seen only marginal progress so far, and Russian forces have had limited success in addressing existing security needs. It is far from being a comprehensive reform, which should embrace the whole security sector, including the defence industries, and military science and education. A persistent Cold War mindset in the military establishment and the lack of transparency is counterproductive to the reforms. Intractability of Russian Armed Forces remains an obstacle for their cooperation with NATO forces on equal footing.



It has almost become a truism to consider that economic imperatives drive much of the decision-making in Russian foreign and security policy. Just as the demands of economic modernization led Mikhail Gorbachev to undertake *perestroika* in the late 1980s, so much of Putin's foreign policy program is both motivated and constrained by economic factors. But it would be a serious mistake to conclude that economics are the whole story. Although building good relations with the West remains Russia's goal, strengthening those ties at the expense of perceived excessive concessions of Russia's national interests is not.<sup>266</sup>

Putin's realism and pragmatism is reflected in several key features of Russian foreign policy: an emphasis on action rather than rhetoric, most notably in the FSU; a reluctance to fight unwinnable battles, such as over NATO enlargement or abrogation of the ABM treaty; the realization that, as a relatively weak power, Russia is frequently less an 'actor' than 'acted upon'. Hence, the Putin leadership accepts the reality of the current international system, namely that it is dominated by the U.S. Given the U.S. strength and Russia's weakness, Putin himself sees no point in opposing the status quo. However, this acceptance of the inevitable contains some paradoxes. Suffice it to compare Putin's current foreign policy with that of the Kozyrev period in the early 1990s.<sup>267</sup> Whereas Kozyrev saw partnership with the West as a means for Russia to become an integral part of the Western community on the basis of shared values, Putin saw this partnership as simply a means of not being marginalized by U.S.-led globalisation. Marginalization would destroy any hopes of regaining great power status. Fearful that Russia may be marginalized and become an object of growing international indifference ('Russia-fatigue') the Kremlin seeks to position Russia in the Western mainstream as the epicentre of international decision making. This is a paradox, as Putin is pursuing a Western-oriented foreign policy, but has no interest in westernising (democratising) Russia. This places limits on the extent of possible partnership between Russia and the West. It also carries the possibility that a stronger Russia may at some point turn her back on this partnership. Hence, under Putin, partnership with the West is not an end itself, but rather a means to an end.

A more stable and controlled domestic situation has undoubtedly a positive effect on the conduct of foreign policy. The Putin administration's approach to many foreign policy areas, in comparison to that of Yeltsin's, contains elements of continuity, as well as transformation. The key difference is that Putin's foreign policy course has become more defined and better exercised. Under Putin, the focus on more concrete foreign policy priorities, security as well as economic issues, has led to the reduction of dogmatism in geopolitics, which is one of the most visible differences from his predecessor. This, in turn, has had an impact in shaping Moscow's threat perceptions. This is not to say that geopolitics is losing its relevance under Putin but merely shows the degree to which the Kremlin subscribes to the current positive-sum rhetoric of cooperative security. What Putin has done is not so much to revolutionise Russian thinking as to introduce some sort of consensus between existing ideas, as well as consistency in their implementation. It could be argued that Putin's policies make more sense and seem less contradictory if they are understood not as 'revolutionary steps of a Russian Thomas Jefferson but as the more pragmatic efforts of a hard-headed former KGB officer'<sup>268</sup> to restore Russia's influence in the world by all possible means. Without neglecting Putin's contributions, they are surely pale beyond Gorbachev's

initiatives on arms control and acceptance of freedom of Eastern Europe, or Yeltsin's tacit recognition of the independence of former Soviet republics.<sup>269</sup> Thus, foreign policy changes under Putin are merely evolutionary (rather than revolutionary), in which many elements of old security thinking survive. Furthermore, Putin's administration has tried to depoliticise the conduct of external relations. 'Economisation' and 'multi-vector' policy – these are the concepts driving Russian politics.

Some new trends in Russia's foreign policy also appeared. In Yeltsin's era, Russian foreign policy often hesitated between a 'true embrace of the West and the desire to continue with Russian exceptionalism'.<sup>270</sup> Under Putin, the Kremlin gave up the dilemma – the West or the East. Russia's foreign policy is no longer one-sided. The upset balance in Russia's relations with the West and the East has been restored. Equally, the earlier debates about Russia's foreign policy design - America-centric or Euro-centric - are becoming apparently pointless. Putin has made it clear – Russia's foreign policy is going to be pro-Russian using the most effective instruments possible. Although in practice this translates into a Western-centric approach on many issues (the political elite continues to view the West as the main strategic reference point), the governing principle of Russian foreign policy remains pragmatism and the virtues of balance.

Russia's international weight has increased owing to her economic growth, personal diplomacy of her president, and also to a number of objective factors, such as destabilisation of international relations, strengthening economic competition between the U.S. and Western Europe, and the increasing dependence of the world economy on energy. Despite Russia's negligible real economic weight, the combination of all these circumstances, especially the mounting influence of the energy factor, has considerably increased Russia's role in world politics. On the other hand, Russia's international image definitely needs improvement. Moscow continues to pursue foreign and domestic policies strongly at odds with Western interests and values. To have a respectable image abroad Russia must be attractive not just appear attractive. Thus, the main effort to salvage the country's image should be deployed at home, not abroad.

Russia's rapprochement with the West in the wake of 9/11 appeared to be not a revolutionary change but pure pragmatism reflecting Putin's push for Russia's modernisation. Putin sees Russia's natural destiny as that of a modern great power: not only militarily powerful, but an influential political and economic actor. The rebirth of Russia's great power ambitions coincides with high and still growing world prices of oil, which makes Russia less dependent on Western economic support and gives her a positive long-term financial perspective.

Despite the talks about integration and normalization, 'not-like-the-others' mentality is very natural for Russia.<sup>271</sup> In effect, Russia wants selective integration, considering herself to be 'special' and different. Russia has consistently conducted her foreign policy on the basis of a few key 'strategic' relationships between the major European powers, namely U.S., Germany, France and UK. These relations are not so much important in promoting bilateral interests, but much more for the forming of building blocks of the multi-polar world order sought by Moscow. Moscow looks for the most effective means of realizing its foreign policy objectives, and that means engaging with



powers and institutions (e.g. UN and NATO) that are most likely to advance Russian interests.

Internationally, Putin's gamble on Western support has been driven more by the vision of long-term benefits, thus it remains essential for Putin to stay the course of partnership with the U.S. and Europe. Due to resource constraints Russian foreign policy will remain pragmatic and is not expected to challenge overtly Western interests. Therefore, although the West cannot expect Putin to be an easy partner, one could not anticipate that Putin's authoritarianism in domestic affairs will translate into an aggressive and confrontational foreign policy. Managing the new asymmetrical relationship with Washington is turning into a fine art for Moscow. In Europe, bilateral relations with major states are seen to have key importance but security and economic institutions, especially NATO and the EU, do matter for Russia. NATO enlargement has caused some concern but cooperation within the NRC framework is still a main priority. However, any future NATO enlargement into the FSU or more active engagement of NATO or the EU in the post-Soviet space would cause Russia's opposition and possible reaction.

To conclude, Russia's integration with the West at large should not be judged on words but on deeds and on the coincidence of not only pragmatic interests but also basic values. However, Russian foreign policy is based on the convergence of selected interests, not values. It is important, therefore, not to retain any illusions that the West can 'convert' Russia to its system of values. In practice it means that Russia and the West will continue, to a certain extent, to make coalitions of convenience, when they seek common interests. There remains ample scope for Western cooperation with Russia in many areas of common interest: Afghanistan, Central Asia, Middle East, and so on. The area that Russia views pretty much zero-sum and where the problems are likely to be much harder to tackle is the 'near abroad'. Another aspect in Russia's relations with the West is globalisation, which is inseparable from domestic politics. Both aspects appear to be key influences on the formation of a new context for Russia's relations with the West, which today exist simultaneously on several levels: the domestic level, the traditional state level, and the trans-national global level.

In the first decade of the 21<sup>st</sup> century, Russia is likely to concentrate primarily on her domestic agenda. Russia's international involvement will continue to be relatively modest, with the exception of the CIS countries. In this area, Russian politicians will need to balance their real economic and security interests with their historical geopolitical ambitions, which can distort and compromise their policies. Despite the Russian elite's growing confidence and some recent assertiveness, Russia remains a relatively weak player that should not overreach.

<sup>1</sup> Malgin, A., 'Vneshnopoliticheskie resursy Rossii i predely ikh realizacii' [Russia's foreign policy resources and limits of their realisation], in *Pro et Contra*, Vol. 6, No. 4 (2001), p. 94.

<sup>2</sup> Knudsen, p. 117.

<sup>3</sup> Karaganov, S., 'Polosa neudach prodolzhayetsya' [Unsuccessful series of events continue], in *Nezavisimaya Gazeta* (6 July 2005); [http://www.ng.ru/ideas/2005-07-06/11\\_karaganov.html](http://www.ng.ru/ideas/2005-07-06/11_karaganov.html).

<sup>4</sup> All the information is taken from Malgin, p. 94.

<sup>5</sup> R. Gilpin quoted in Knudsen, 'Of Lambs and Lions', p. 117.

<sup>6</sup> Ibid.

<sup>7</sup> Safranchuk, I., 'Russia and NATO: Looking beyond Expansion', in *NATO Enlargement Daily Brief* (7 May 2002).

<sup>8</sup> Webber, p. 41.

- <sup>9</sup> Arbatov, A. G., Kaiser, K., and Legvold, R. (eds.), *Russia and the West: The 21<sup>st</sup> Century Security Environment* (New York: M.E. Sharpe, East West Institute, 1999), p. 46.
- <sup>10</sup> Møller, p. 76.
- <sup>11</sup> Karaganov, S., 'Russia and the international order', in Lynch, D. (ed.), *What Russia sees*, Chaillot Paper, No 74 (Jan 2005), p. 25.
- <sup>12</sup> 'Vladimir Putin's Long Hard Haul', p. 25.
- <sup>13</sup> Moshes, Discussion on contemporary Russian politics.
- <sup>14</sup> About 85% of population are Russians, including heavily russified Ukrainians and Belarussians; 20% of Russian citizens are of Islamic origin. According to A. Moshes, Discussion on contemporary Russian politics'.
- <sup>15</sup> Medvedev, *Rethinking the National Interest*, p. xii.
- <sup>16</sup> Lo, B., *Vladimir Putin and the Evolution of Russian Foreign Policy*, Chatham House Papers (London, RIIA: Blackwell Publishing, 2003), p. 73.
- <sup>17</sup> Lo, *Russian Foreign Policy*, pp. 158-167.
- <sup>18</sup> Lo, 'The Securitization of Russian Foreign Policy', pp. 18-19.
- <sup>19</sup> Shlapentokh, V., 'Is the 'Greatness Syndrome' Eroding?', in *The Washington Quarterly* (Winter 2002), pp. 136-137.
- <sup>20</sup> See Safranchuk.
- <sup>21</sup> Pravda, A., 'How under Putin's guidance is Russia's world view changing in the new century', Presentation at the Wilton Park Conference 668 'Putin's Russia: Two Years on' (UK, 11-14 March 2002). Alex Pravda is Director of the Russian and East European Centre and Fellow of St Antony's College, Oxford University.
- <sup>22</sup> Danilov, D., 'Stroitelstvo vtoroi opory Evropeiskovo Soyuz: Ispolzovanie novykh tekhnologiy' [Building second pillar of the European Union: Utilisation of new technologies], in Tatyana Parkhalina (ed.), *Evropeyskiy Soyuz na rubezhe vekov* [European Union at the threshold of centuries], (Moscow, 2000), pp. 51-52.
- <sup>23</sup> Safranchuk.
- <sup>24</sup> Lo, *Russian Foreign Policy*, p. 175.
- <sup>25</sup> Kobrinskaya, "Parallels" and "Verticals".
- <sup>26</sup> Medvedev, Konovalov, Oznobishchev, p. 51.
- <sup>27</sup> Ibid.
- <sup>28</sup> Paul Virilio quoted in *ibid*.
- <sup>29</sup> Ibid.
- <sup>30</sup> Smith, H., 'Is Expansionism still a feature in Russian Foreign Policy?', Paper presented for Aleksanteri Conference 'Democracy in Russia and the CIS – Concepts, Challenges and Visions' (University of Helsinki, 11-12 Nov 2004). See also Isakova, I., *Russian Governance in the Twenty-First Century* (London and New York: Frank Cass, 2005), pp. 16-17.
- <sup>31</sup> Isakova, *ibid.*, p. 17.
- <sup>32</sup> Ibid.
- <sup>33</sup> For example, the Annual Presidential Address to the Russian Federal Assembly on 16 May 2003 and 26 May 2004, his speeches at the military parade in the Red Square on 9 May 2004 and 2005 when commemorating the 59<sup>th</sup> and 60<sup>th</sup> anniversaries of victory in the Great Patriotic War, and his speech to the nation after the Beslan tragedy on 4 September 2004.
- <sup>34</sup> 'Poslaniye Federal'nomu Sobraniyu Rossiyskoy Federatsii' [Address to the Federal Assembly of the Russian Federation], Moscow, the Kremlin, 25 April 2005; <http://www.kremlin.ru/text/appears/2005/04/87049.shtml>.
- <sup>35</sup> 'Kontseptsiya vneshney politiki Rossiyskoy Federatsii' [Foreign Policy Concept of the Russian Federation], in *Rossiyskaya Gazeta* (10 July 2000).
- <sup>36</sup> See *Informacionnyy Byulleten'*, MID, No 2483 (3 Nov 2003).
- <sup>37</sup> Smith, 'Is Expansionism still a feature in Russian Foreign Policy?'
- <sup>38</sup> Jackson, N. J., *Russian Foreign Policy and the CIS: Theories, Debates and Actions* (London and New York: Routledge, 2003), pp. 36-37.
- <sup>39</sup> Isakova, *Russian Governance in the Twenty-First Century*, p. 18.
- <sup>40</sup> Brown, A. (ed.), *Contemporary Russian Politics: A Reader* (Oxford University Press, 2001), p. 426.
- <sup>41</sup> 'Kontseptsiya vneshney politiki Rossiyskoy Federatsii'.
- <sup>42</sup> Report from the IX Assembly of the Council of Foreign Relations and Defence Policy, held on 3 March 2001; at <http://www.svop.ru>.
- <sup>43</sup> S. Karaganov quoted in Møller, pp. 76-78.
- <sup>44</sup> Ibid.
- <sup>45</sup> Ibid.
- <sup>46</sup> 'Kontseptsiya vneshney politiki Rossiyskoy Federatsii'
- <sup>47</sup> Ibid.
- <sup>48</sup> 'Russia/International: Putin maintains the balance', Discussion at Chatham House (Sept 2003).
- <sup>49</sup> V. Putin quoted in Lo, *Russian Foreign Policy*, p. 165.
- <sup>50</sup> Ibid., pp. 167-168.
- <sup>51</sup> Shevtsova, L., *Putin's Russia* (Revised and expanded edition, Washington, D.C.: Carnegie Endowment for International Peace, 2005), p. 385.



- <sup>52</sup> Kobrinskaya, I., 'The Multispeed Commonwealth', in *Russia in Global Affairs*, No. 6 (Feb 2004); <http://www.eng.globalaffairs.ru/numbers/6/509.html>
- <sup>53</sup> See Dugin, A., *Osnovy Geopolitiki: Geopoliticheskoe Budushchee Rossii* [The Basics of Geopolitics: Russia's Geopolitical Future], (3<sup>rd</sup> Edition, Moscow: Arktogeya Centre, 1999); Ivashov, L., 'Russia in the Geopolitical system of Coordinates', in *Nash Sovremennik* (30 April 2005); Tikhomirov, Y. A., 'Geopolitical Imperatives of the Russian State', in *Gosudarstvo i Pravo* (January 2005).
- <sup>54</sup> BBC monitoring (19 July 2005).
- <sup>55</sup> Bajarunas, p. 4.
- <sup>56</sup> Fedorov, A., 'Russia's Place in the World: Finally Emerging from the Effects of the Cold War', Presentation at the Wilton Park Conference WP 668 'Putin's Russia: Two Years on' (UK, 11-15 March 2002). Andrey Fedorov is Director of Political Programme, Council of Foreign and Defence Policy, Moscow.
- <sup>57</sup> Ibid.
- <sup>58</sup> Pravda, A., 'Putin's Foreign Policy after 11 September: Radical or Revolutionary?', in Gorodetsky, Gabriel (ed.), *Russia between East and West: Russian Foreign Policy on the Threshold of the Twenty-First Century* (Frank Cass, 2003), p. 40.
- <sup>59</sup> Legvold, R., 'Russia's unreformed foreign policy', in *Foreign Affairs* (Sept/ Oct 2001), p. 69.
- <sup>60</sup> Braithwaite, 'Russia under Putin'.
- <sup>61</sup> Ibid.
- <sup>62</sup> Shevtsova, *Putin's Russia* (2005), p.385.
- <sup>63</sup> Kortunov, S., 'Invigorating Russia's Foreign Policy, in *Russia in Global Affairs*, Vol. 3. No. 4 (Oct-Dec 2005), p. 24.
- <sup>64</sup> Ibid.
- <sup>65</sup> Kobrinskaya, "Parallels" and "Verticals".
- <sup>66</sup> Kortunov, p. 24.
- <sup>67</sup> Lo, 'The Securitization of Russian Foreign Policy', p. 21.
- <sup>68</sup> Ibid.
- <sup>69</sup> Felgenhauer, P., 'Putin in Stalin's footsteps', in *Moscow Times* (31 July 2003).
- <sup>70</sup> Ibid.
- <sup>71</sup> Interview with B. Lo.
- <sup>72</sup> 'Russia's Security Policy & EU-Russian Relations', p. 1.
- <sup>73</sup> By spring 2001, the PJC work programme covered ongoing co-operation in and consultation on peacekeeping in the Balkans, discussions on strategy and doctrine, co-operation in arms control, proliferation, military infrastructure, nuclear issues, and theatre missile defence, etc. See Matser, W., 'Towards a new strategic partnership', in *NATO Review*, vol.49, No.4. (Winter 2001), p. 20.
- <sup>74</sup> 'NATO Enlargement', ESF Working Paper No 3 (July 2001), p. 13.
- <sup>75</sup> 'Putin Softens Tone on Baltic Quest for NATO', in *Jamestown Foundation Monitor* (6 Sept, 2001). See also *CDI Russian Weekly*, <http://www.cdi.org/russia/170.html>.
- <sup>76</sup> Pravda, 'How under Putin's guidance is Russia's world view changing'.
- <sup>77</sup> Trenin, D., 'Meeting on the Elbe II', in *Novoe Vremya*, No. 39 (Sept 2001).
- <sup>78</sup> Rumer, E. B., and Sokolsky, R. D., 'U.S. - Russian Relations: Towards a New Strategic Framework', in *Strategic Forum*, No. 192 (May 2002), p. 2; <http://www.ndu.edu/inss/strforum/sf192.htm>.
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- <sup>82</sup> Ibid., p. 36.
- <sup>83</sup> Strategic opportunism – opportunism mixed with a longer-term strategic sense. See Lo, *Vladimir Putin and the Evolution of Russian Foreign Policy*, p. 129.
- <sup>84</sup> Wright.
- <sup>85</sup> B. Lo quoted in 'A colder coming we have of it', in *The Economist* (21-27 Jan 2006), p. 29.
- <sup>86</sup> Lo, *Vladimir Putin and the Evolution of Russian Foreign Policy*, p. 93.
- <sup>87</sup> Ibid.
- <sup>88</sup> Interview with S. Blank.
- <sup>89</sup> Karaganov, S., 'Premature conclusions: Half a year in Russian foreign policy', in *Rossiyskaya Gazeta* (28 July 2004); see also WPS Monitoring Agency, [www.wps.ru/e\\_index.html](http://www.wps.ru/e_index.html).
- <sup>90</sup> Lo, B., 'Russia and the West: problems and opportunities', in *UNISCI Discussion Papers* (May 2005).
- <sup>91</sup> Moshes, Discussion on contemporary Russian politics.
- <sup>92</sup> Ibid.
- <sup>93</sup> Interview with O. Antonenko.
- <sup>94</sup> Ibid.
- <sup>95</sup> Pravda, 'How under Putin's guidance is Russia's world view changing'.
- <sup>96</sup> Voronov, K., 'Russia diplomatic revolution', in *Nezavisimaya Gazeta* (9 Apr 2002).

- <sup>97</sup> De Spielgelaire, S., 'Europe's Security Relations with Russia: Staying the Course', in 'Russia's Security Policy & EU-Russian Relations', ESF Working Paper No. 6 (March 2002), p. 10.
- <sup>98</sup> Stent, p. 16.
- <sup>99</sup> Interview with O. Antonenko.
- <sup>100</sup> Stent, p. 16.
- <sup>101</sup> Interview with P. Erochkin.
- <sup>102</sup> Goldman, p. CRS-2.
- <sup>103</sup> C. Rice quoted in Rutland. See Rutland, Peter, 'Putin's Levitation Act', in *CDI Russia Weekly*, 209, Jamestown Foundation Russia and Eurasia (4 June 2002).
- <sup>104</sup> Bajarunas, p. 6.
- <sup>105</sup> 'Konceptsiya Natsional'noy Bezopasnosti Rossiyskoy Federatsii' [The Concept of National Security of the Russian Federation], in *Nezavisimoye Voyennoye Obozreniye* (14 Jan 2000).
- <sup>106</sup> Bajarunas, p. 7.
- <sup>107</sup> Fedorov, 'Russia's Place in the World'.
- <sup>108</sup> G.W. Bush quoted in Dempsey, J., and Wolffe, R., 'In from the cold', in *Financial Times* (15 May 2002).
- <sup>109</sup> Charlton, A., 'Bush, Putin Face Diplomatic Hurdles', in *Associated Press Report on Johnson's Russia List* (JRL), Issue 5037 (June 18, 2001); <http://www.cdi.org/russia/johnson/5307.html>.
- <sup>110</sup> Piontkovsky, A., 'Don't let this friendship flag', in *The Globe and Mail* (4 Oct 2002).
- <sup>111</sup> Ibid.
- <sup>112</sup> See L. Shevtsova, quoted in Summary of a press-conference 'Elections in the USA: results and forecasts' (Carnegie Moscow Center, 4 Nov 2004).
- <sup>113</sup> *Strategic Survey 2001/2002* (Oxford: Oxford University Press, 2002), p. 141. See also Abdullaev, N., 'Russia may reap policy dividends', in *The Moscow Times* (18 June 2002).
- <sup>114</sup> 'Bush's Russian Romance', in *The Economist* (22 May 2002), p. 11.
- <sup>115</sup> In July 2004, 8 CIS countries, under Russia's initiative, accepted a common declaration concerning the review of the OSCE's activity areas and principles. Presently, Russian MFA is preparing an address to the all OSCE members to persuade them to start the organisation's reform.
- <sup>116</sup> Kupchan, 'The Russian-American Agenda', p. 61.
- <sup>117</sup> See Shevtsova, quoted in 'Elections in the USA'.
- <sup>118</sup> Brown, p. 436.
- <sup>119</sup> Ibid.
- <sup>120</sup> Ibid, p. 437.
- <sup>121</sup> Ibid, p. 438.
- <sup>122</sup> BBC Summary of World Broadcasts (SWB), SU/4485 (11 Apr 2002).
- <sup>123</sup> Russia and Germany agreed to set up for the implementation of the NEGP project a joint venture, with Gazprom holding 51% and BASF and EON each 24.5% of the shares. Should other companies join the project, they could only acquire portions of the German companies' shares, not Gazprom's. See *BNS, ELTA* (8-13 Sept 2005); see [www.eon.com](http://www.eon.com) and [www.basf.com](http://www.basf.com) (8-9 Sept 2005).
- <sup>124</sup> Clover, C., 'Will the Russian bear roar again', in *Financial Times* (2 Dec 2000).
- <sup>125</sup> Putin quoted in Ivanov, S. I., *The New Russian Diplomacy*, (Washington, D.C: The Nixon Center and Brookings Institution Press, 2002), p. 96.
- <sup>126</sup> Ibid., p. 95.
- <sup>127</sup> Bordachev, T. V., 'Strategy and Strategies', in Moshes, A., (ed.), *Rethinking the Respective Strategies of Russia and the European Union* (Carnegie Moscow Center & FIIA), 2003), p. 32 (Special FIIA – Carnegie Moscow Center Report).
- <sup>128</sup> France, Spain, Italy and Greece were interested more in good relations with Russia than in the protection of interests of candidate countries such as Lithuania, and attempted to block the proposals on Kaliningrad transit drafted by the European Commission.
- <sup>129</sup> *Strategic Survey* (2004), p. 123.
- <sup>130</sup> The concept of a 'liberal empire', introduced by oligarch Anatoliy Chubais, the former privatization tsar and current chairman of the energy conglomerate Unified Energy Systems (UES). See Chubais, A., 'Misiya Rossii v dvadsat' pervom veke' [Russia's mission in the 21<sup>st</sup> century], in *Nezavisimaya Gazeta*, (1 Oct 2003).
- <sup>131</sup> Lo, *Vladimir Putin and the Evolution of Russian Foreign Policy*, p. 82.
- <sup>132</sup> A. Pravda is Director of Russian and East European Centre and Fellow of St Antony's College of Oxford University. See White, S., Pravda, A., and Gitelman, Z. (eds.), *Developments in Russian Politics*, Vol. 5 (Palgrave, 2001), p. 216.
- <sup>133</sup> The share of CIS states in Russia's total trade fell from 75-80 % in 1990 to around 20 % in 1995. See Becker, A., 'Russia and Economic Integration in the CIS', in *Survival*, Vol. 38, No. 4 (Winter 1996-97), pp. 118, 126-127.
- <sup>134</sup> Lo, *Russian Foreign Policy*, p. 79.
- <sup>135</sup> White, Pravda, Gitelman, p. 215.
- <sup>136</sup> Kaczmariski, M., 'Russia Creates a New Security System to Replace the C.I.S.' (21 Dec 2005); <http://www.pinr.com>.



- <sup>137</sup> *Interfax* (25 January 2000). Some authors argue that term 'near abroad' that was so common in Russia until mid-1990s has gone out of fashion. See also Brown, *Contemporary Russian Politics*, p. 417.
- <sup>138</sup> A. Kokoshkin quoted by Torbakov, I., 'Moscow seeks to take advantage of the Iraq conflict to reassert its leadership in CIS'; [www.eurasianet.org](http://www.eurasianet.org).
- <sup>139</sup> Statement of President V. Putin in a meeting of the Security Council, Moscow, the Kremlin, 19 July 2004; <http://www.mid.ru>.
- <sup>140</sup> Lo, *Vladimir Putin and the Evolution of Russian Foreign Policy*, p. 82.
- <sup>141</sup> 'Poslaniye Federal'nomu Sobraniyu Rossiyskoy Federatsii' (2003).
- <sup>142</sup> *Strategic Survey* (2004), p. 125.
- <sup>143</sup> See Chubais.
- <sup>144</sup> The Odessa-Brody pipeline was completed in 2002 but, under Russia's pressure, instead of transporting Caspian oil from South to North, it was turned to the opposite direction, i.e. southwards. It means that EU supported pipeline, which was supposed to give Kazakhstan an opportunity to provide oil to the EU bypassing Russia, became one more source of Russian oil export, cutting down for Kazakhs an independent access to world markets and for the EU alternative oil supplier.
- <sup>145</sup> Socor, V., 'Teamwork and a Good Save in the Pipeline Game', in *Wall Street Journal Europe* (17 Oct 2003), p. A9.
- <sup>146</sup> Vitkus, G., 'Russia-USA-EU "Triangle" and Smaller States in 2003-2004', in *Lithuanian Annual Strategic Review* (Vilnius: Lithuanian Military Academy, 2005), p. 119.
- <sup>147</sup> *Strategic Survey 2004/5* (Routledge, 2005), p. 154.
- <sup>148</sup> Ibid.
- <sup>149</sup> Interview with B. Lo.
- <sup>150</sup> Kobrinskaya, 'The Multispeed Commonwealth'.
- <sup>151</sup> Trenin, D., 'Identichnost' i integratsiya: Rossiya i Zapad v XXI veke' [Identity and Integration: Russia and the West in the XXI century], in *Pro et Contra*, Vol. 8, No. 3 (2004), p. 11.
- <sup>152</sup> Ibid.
- <sup>153</sup> Kobrinskaya, 'The Multispeed Commonwealth'.
- <sup>154</sup> White, Pravda, Gitelman, p. 218.
- <sup>155</sup> In 2004, there were two cases of such engagement. The first occurred in Abkhazia, where Russia made her preferred choice clear in October 2004 presidential elections to replace Vladislav Ardzimba. But the other candidate won, and the result was two months of tense stand-off and Russian pressure before a coalition government emerged. The second case - in Ukraine's parliamentary elections.
- <sup>156</sup> Karaganov, 'Polosa neudach prodolzhayetsya'.
- <sup>157</sup> The crisis led to the deployment of the Ukrainian military to a disputed island in the Kerch Straits.
- <sup>158</sup> Shevtsova, L., 'The view from Russia', in *International Herald Tribune* (10 Dec 2004).
- <sup>159</sup> Ibid.
- <sup>160</sup> Zeihan, P., 'Russia: After Ukraine', in *The Geopolitical Intelligence Report*, Stratfor (10 Dec 2004).
- <sup>161</sup> In 2005, Uzbekistan suspended its membership in GUAM.
- <sup>162</sup> Lynch, D., 'Perceptions and divergences', in Lynch, D.(ed.), *What Russia sees*, Chaillot Papers, No. 74 (Jan 2005), p. 11.
- <sup>163</sup> *Strategic Survey 2004/5*, p. 159.
- <sup>164</sup> Zeihan, 'Russia: After Ukraine'.
- <sup>165</sup> 'Leading candidates in Abkhazia elections vow to pursue secession from Georgia', in *ISN/ISF Security Watch*, Issue 1 (5 Oct 2004), p. 5.
- <sup>166</sup> *Strategic Survey 2004/5*, p. 161.
- <sup>167</sup> Baev, P., 'Russian preventive strikes – options and capabilities', in *The Jamestown Foundation Eurasia Daily Monitor* (14 Sept 2004).
- <sup>168</sup> It consists of one brigade with about 1,800 soldiers, with one earmarked battalion each from Russia, Kazakhstan, Kyrgyzstan and Tajikistan. The Kant air force unit is a part of this the Central Asian RRF (approx. 500 personnel). With small contingents in other Central Asian states there is a Russian troop concentration in Tajikistan, consisting of the 201<sup>st</sup> Motorised Rifle Division and Border Guard Forces (in total 20,000 troops).
- <sup>169</sup> Kaczmarek.
- <sup>170</sup> Interview with A. Goltz.
- <sup>171</sup> *Strategic Survey* (2004), p. 128.
- <sup>172</sup> Evans, M., 'Russian bid to 'weaken' NATO alienates West', in *The Times* (16 March 2002).
- <sup>173</sup> Jones, G., 'Putin Softens Opposition to NATO Expansion', in *Reuters* (3 Oct 2001). See also 'Putin Softens Stance on NATO' in *The Moscow Times*; <http://www.themoscowtimes.com/stories/2001/10/04/002.html>.
- <sup>174</sup> Lo, *Vladimir Putin and the Evolution of Russian Foreign Policy*, p. 88.
- <sup>175</sup> According to A. Moshes presentation at the conference 'EU and NATO Enlargement in the Baltic Sea Region' (Riga, 4 Oct 2002).
- <sup>176</sup> Fedorov, 'Russia's Place in the World'.
- <sup>177</sup> S. Kay quoted in Richter, P., 'Pact Gives Russia a New Role in NATO', in *Los Angeles Times* (15 May 2002).
- <sup>178</sup> Lynch, 'The Realism of Russia's Foreign Policy', p. 17.

- <sup>179</sup> R. Hunter quoted in Black, I., 'Cold War enemies warm to joint task new era beckons for Cold war Foes', in *The Guardian* (13 May 2002).
- <sup>180</sup> Castle, S., 'NATO Expansion', in *The Independent* (15 May 2002).
- <sup>181</sup> Versbow, A., 'NATO and Russia: Redefining Relations for the 21<sup>st</sup> Century', Public Address at St. Petersburg State University, 22 Feb 2002.
- <sup>182</sup> Trenin, D., 'Time to pick up the pieces', in *NATO Review*, vol.48, No.1, (Spring-Summer 2000), p. 21.
- <sup>183</sup> Matser, p.20.
- <sup>184</sup> Kaminski, M., 'How to Fix NATO', in *The Wall street Journal* (15 May 2002).
- <sup>185</sup> The initial agenda focuses on such concrete projects as joint assessment of the terrorist threat to peacekeeping forces in the Balkans, the exchange of WMD consequence management information, and the establishment of co-operation in the field of civil and military airspace control. See *ibid.* See also Finn, P., and La Franiere, S., 'NATO, Russia Near Terms on New Council', in *The Washington Post* (3 May 2002).
- <sup>186</sup> Interview with C. Donnelly.
- <sup>187</sup> *Ibid.*
- <sup>188</sup> Wines, M., 'Accord is near on giving Russia a limited role in NATO', in *The New York Times* (23 Apr 2002).
- <sup>189</sup> Interview with C. Donnelly.
- <sup>190</sup> Interview with B. Lo.
- <sup>191</sup> Interview with S. Blank.
- <sup>192</sup> Matser, p. 21.
- <sup>193</sup> Interview with C. Donnelly.
- <sup>194</sup> Zagorski, 'Russia and NATO', p. 6. ,
- <sup>195</sup> Antonenko, O., 'NATO Enlargement and Russia: A Declining Problem?', Presentation at the Wilton Park Conference WP 668 'Putin's Russia: Two Years on' (UK, 11-15 March 2002).
- <sup>196</sup> Verbatim report of the speech by Russian Foreign Minister Igor Ivanov at the press conference on the results of the Russia-NATO Council Meeting (Prague, 22 Nov 2002).
- <sup>197</sup> Grant, C., 'NATO's new role', in *Financial Times* (8 Aug 2002); [http://www.cer.org.uk/articles/ft\\_grant\\_nato.html](http://www.cer.org.uk/articles/ft_grant_nato.html).
- <sup>198</sup> According to the information from Lithuania's mission to NATO, there were in the NRC were 17 working groups, and periodic *ad hoc* expert activity in support of individual cooperative projects including development of theatre missile defence systems, political decision making modalities for NATO-Russia peacekeeping operations, co-operation in submarine crew escape and rescue, assessment of various aspects of terrorists threats in Euro-Atlantic area, civil emergency planning and response exercises, and co-operative air space initiative. The NRC has also served as a forum for political exchanges, primarily on the Balkans and Afghanistan. See also Antonenko, O., 'NATO-Russia Council', Presentation at the Seminar 'Dual Enlargement and the Baltic States: Security Policy Implications' (Tallinn (Estonia), 11-13 Feb 2004).
- <sup>199</sup> See Rahr, 'Putin's fight against oligarchs'.
- <sup>200</sup> 'Power to the power people', p. 6.
- <sup>201</sup> See Kaftan, L., 'Russian Elite Under Yeltsin and Putin', in *Komsomolskaya Pravda*, No. 144 (Aug 2003).
- <sup>202</sup> Galeotti, M. and Synge, I. M. (eds.), *Putin's Russia – Scenarios for 2005*, Jane's Special Report (UK: Jane's Information Group, Feb 2001), pp.35-36.
- <sup>203</sup> Interview with A. Goltz.
- <sup>204</sup> 'Russia facing immense military reform problem: IISS', in *AFP* (17 Oct 2002).
- <sup>205</sup> Trifonov, p. 28. See also Borisov, S., 'Purging the Generals', in *Transitions Online* (26 July 2004); [www.tol.cz](http://www.tol.cz).
- <sup>206</sup> Goldman, p. CRS-9.
- <sup>207</sup> See essays in Crutcher, M.,H. (ed.), *Russian Armed Forces at the dawn of the Millennium* (US Army War College, 2001).
- <sup>208</sup> Donnelly, C., 'The basic principles of the organisation of modern armies' (18 Feb 2003), p. 15.
- <sup>209</sup> Blank, S., 'The Changing Role of the Military', Presentation at the Wilton Park Conference WP 668 'Putin's Russia: Two Years on' (UK, 11-14 March 2002).
- <sup>210</sup> Litovkin, V., 'Attack on 'the Ivanov Doctrine'', in *RIA Novosti* (16 Oct 2003).
- <sup>211</sup> 'Putin's Russia: Two Years On', Short Report on Wilton Park Conference 668 (UK, 11-14 March 2002).
- <sup>212</sup> Approx. 1500 officers and generals serve on Putin's staff, for the Russian Government, Federal Assembly, The Accounting Office, and various ministries and departments. See Korb, A., 'The military to become officials', in *Nezavisimaya Gazeta* (31 Aug 2001), pp. 1-2.
- <sup>213</sup> Jack, A., 'Russia's conscript army still frozen in its communist past', in *Financial Times* (13 Dec 2002).
- <sup>214</sup> SVR – Foreign Intelligence Service; FSO – Federal Guards Service; GUSP – Main Directorate for Special Programmes under the President. See Renz, B., 'Russia's "Force Structures" and the Study of Civil-Military Relations', in *Journal of Slavic Military Studies*, Vol. 18 (2005), pp. 562-563. See also Korb.
- <sup>215</sup> This was done under Putin's decrees on 11 March 2003. The addition of FAPSI (sigint) to the FSB is especially disturbing.
- <sup>216</sup> Blank, 'The Great Exception'.
- <sup>217</sup> According to the discussions at the Wilton Park Conference WP 705 'Russia's Security Policy'.
- <sup>218</sup> Donnelly, 'The basic principles', p. 13. See also Trifonov, p. 28.



- <sup>219</sup> Donnelly, *ibid.*, p. 8.
- <sup>220</sup> General Piskunov quoted in Taylor, B., 'Putin and the Military: How Long will the Honeymoon Last?', in *PONARS Policy Memo*, No. 116 (Apr 2000).
- <sup>221</sup> In 1999, the annual defence budget was Rb 95 bn, in 2004 – Rb 418,15 bn. See Trifonov, p. 28.
- <sup>222</sup> 'Poslaniye Prezidenta Rossiyskoy Federatsii V.V. Putina Federalnomu Sobraniyu Rossiyskoy Federatsii' [Address of the Russian President V.V. Putin' at the Federal Assembly], 18 Apr 2002. Author's translation.
- <sup>223</sup> 'Poslaniye Federalnomu Sobraniyu Rossiyskoy Federatsii' (2003).
- <sup>224</sup> Jakulevičius, D., and Bučiūnas, K. G., 'The Review of the Russian Military Policy: Old Mythology, Today's Threats, Future Prospects', in *Lithuanian Annual Strategic Review* (Vilnius: Lithuanian Military Academy, 2005), p. 185.
- <sup>225</sup> Bransten, J., 'Russia: Putin Dismisses Head of General Staff In Military Shake-Up', in *RFE/RL reports* (20 July 2004).
- <sup>226</sup> Main, S., *Couch for the MoD or the CGS/ The Russian Ministry of Defence and the General Staff 2001-2004*, CSRC Russian Series 04/09 (Apr 2004).
- <sup>227</sup> Trifonov, p. 28
- <sup>228</sup> The budget of the Security Council has increased treble, the budget of the Ministry of Interior – 2,5 times, for Border Guards – twice. See Lantaratov, K., 'Mirnyy byudzh et boyennovo vremeni' [Peaceful budget of war-like period], in *Kommersant* (24 Nov 2004).
- <sup>229</sup> Trifonov, p. 29.
- <sup>230</sup> Blank, 'The Changing Role of the Military'.
- <sup>231</sup> Interview with Stephen Blank, Professor at the Strategic Studies Institute of U.S. Army War College, Carlisle PA, Wilton Park (UK), 19 Oct 2004.
- <sup>232</sup> *Ibid.*, p. 11.
- <sup>233</sup> Blank, 'The Great Exception'.
- <sup>234</sup> In addition to the MOD, Russia has 9 distinct institutions or forces structures that have under their command their own militarised or armed formations. See Renz, p. 559.
- <sup>235</sup> Donnelly, 'The basic principles', p. 12.
- <sup>236</sup> Interview with C. Donnelly.
- <sup>237</sup> Donnelly, 'The basic principles', p. 24.
- <sup>238</sup> *Ibid.*
- <sup>239</sup> *Ibid.*
- <sup>240</sup> *Ibid.*
- <sup>241</sup> *Ibid.*
- <sup>242</sup> 'Aktual'nyye zadachi pazvitiya Vooruzhennykh Sil Rossiyskoy Federatsii' [The Priority Tasks of the development of the Armed Forces of the Russian Federation], Ministry of Defence of the Russian Federation (Oct 2003); [www.rian.ru/rian/intro.cmf?doc\\_id=261](http://www.rian.ru/rian/intro.cmf?doc_id=261); [http://supol.narod.ru/archive/official\\_documents/doctrine/war\\_doctrine.htm](http://supol.narod.ru/archive/official_documents/doctrine/war_doctrine.htm)
- <sup>243</sup> *Ibid.*, pp. 20-21.
- <sup>244</sup> 'Rossiyskie Vooruzhennye Sily: na poroge novovo etapa pazvitiya' [ Russian Armed Forces: on the threshold of new development], Ministry of Defence of the Russian Federation, (Oct 2003), p. 24.
- <sup>245</sup> *Ibid.*, p. 25.
- <sup>246</sup> Ivanov quoted in Babayeva, S., 'Reforms are over ...consider this document "final", in *WPS Monitoring Agency* (14 Oct 2003); [www.wps.ru/e\\_index.html](http://www.wps.ru/e_index.html).
- <sup>247</sup> Ivanov quoted in Lambroschini, S., 'Russia: Moscow Struggles To Clarify Stance On Pre-emptive Force', in *RFE/RL*, (Moscow, 14 Oct 2003).
- <sup>248</sup> Interview with Sir Rodric Braithwaite, a former UK Ambassador to Russia, Wilton Park (UK), 19 Oct 2004.
- <sup>249</sup> Interview with A. Goltz.
- <sup>250</sup> Interview with B. Lo.
- <sup>251</sup> Interview with S. Blank.
- <sup>252</sup> 'Rossiyskie Vooruzhennye Sily', p. 14.
- <sup>253</sup> At the meeting of NATO defence ministers in Colorado Springs (10 Oct 2003) Ivanov said that Russia's nuclear-weapons policy will remain the same, that nuclear weapons will remain a means of political deterrence. He is quoted as saying: 'Under no circumstances would Russia be the first to strike with nuclear weapons'. See Lambroschini.
- <sup>254</sup> 'Rossiyskie Vooruzhennye Sily', p. 32.
- <sup>255</sup> *Ibid.*, p. 14.
- <sup>256</sup> *Ibid.*, p. 12, 18.
- <sup>257</sup> Putin quoted in Trifonov, p. 28.
- <sup>258</sup> *Ibid.*
- <sup>259</sup> Discussions at the conference WP 705 'Russia's Security Policy'. See also Trenin, 'Putin's "New Course" is Now Firmly Set'.
- <sup>260</sup> Arbatov, A., 'What Kind of Army Does Russia Need?', in *Russia in Global Affairs*, Vol. 1, No. 1 (Jan-March 2003), p. 76.
- <sup>261</sup> 'Aktual'nyye zadachi pazvitiya Vooruzhennykh Sil Rossiyskoy Federatsii', pp. 34-38.
- <sup>262</sup> Brzezinski.

<sup>263</sup> Kagarlitsky, p. 280.

<sup>264</sup> Medvedev, 'Russia at the end of modernity', p. 52.

<sup>265</sup> '2005 Annual Forecast: When Other Things Start to Matter: Part I', in *Stratfor* (26 Jan 2005); <http://www.stratfor.info/Print.neo?storyId=242470>.

<sup>266</sup> Ibid.

<sup>267</sup> Comparison was made by S. Medvedev. See Medvedev, 'Russia at the end of modernity', p. 51.

<sup>268</sup> 'Mr. Putin in perspective', in *Washington Post* (22 May 2002), p. A36.

<sup>269</sup> Treisman, p. 68.

<sup>270</sup> Kuchins, 'Explaining Mr. Putin'.

<sup>271</sup> Interview with B. Lo.



## CHAPTER 5

### FOCUS UPON EUROPE

Russia's entry into Europe cannot be negotiated with Brussels. It has to be made in Russia itself.<sup>1</sup>

#### 5.1. Russian-European relations: brief overview

The interrelationship of Russia and Europe goes far beyond the narrow focus of diplomatic ties and foreign policy. It concerns the question of the fundamental orientation of Russian society itself, encompassing a specific culture and civilisation. Geographically, Europe and Russia are overlapping entities. Half of Europe is Russia; half of Russia is in Europe. It is true that geography contributes to this political ambivalence. However, politics, in contrast to geography, does not necessarily take this as axiomatic – either in Europe or in Russia. Arguments about Russia's relationship to European civilisation always reflect the ongoing debates involving Russian-European interdependence, Russia's distinct national character and historic path of development. For most of their history, Russians have continually pondered the question: 'are we part of Europe?' Regardless of the answer, it is undeniable that the European vector has played the lead role in determining Russia's foreign policy for the past several centuries.

Europe is Russia's most stable neighbour. Although Russia is not likely to be an easy partner for the EU to deal with, her participation in Europe has, by most accounts, been a positive one. At every major turning point in the continent's history – be it the defeat of Napoleon's empire or the formation of the *Entente Cordiale* – Russia has played an active and indispensable part in the European concert, and has been an integral part of the overall European balance. In the twentieth century Russia's role in European affairs increased even more, despite the ideological, military and political backlash throughout much of Europe in response to the tremors of revolution in Russia and the stormy events in the Soviet Union, resulting in its collapse. Gorbachev's use of the term 'common European home' dates back to the late 1980s, and similar expressions can be found in almost every important document signed by Western European institutions and Russia since that time.

The questions that Russia faced in the early 1990s have re-emerged in the new millennium: what is the shape of the new Europe in the making? What is the place there for Russia? Throughout the 1990s Moscow pursued the same objective of seeking an equal voice in major security developments in and around Europe without incurring the costs of membership, which is seen to impose restraints on Russia's room for manoeuvre. However, the institutional spectrum has shifted since 1999, when the OSCE had pride of place in Russian policy, NATO was seen as the main problem and EU security policy hardly existed. By 2005, relations with NATO have become positive, while the OSCE has fallen by the wayside and the EU has assumed a primary importance.

Since the signing of the *Partnership and Cooperation Agreement* (PCA) between Russia and the European Union, the latter has shown considerable commitment towards engaging Russia, to help her transformation and to bring her closer the EU.<sup>2</sup> In 1997, the PCA came into force, in 1999, a *Common Strategy on Russia* (CSR)<sup>3</sup> was added, and in 2000, the Northern Dimension (ND)<sup>4</sup> Action Plan was approved. Russia, in turn, responded with her strategy towards Europe: *The Russian Federation Middle Term Strategy Towards the European Union (2000-2010)*, which refers to Russia's commitment to cooperate in the building 'of a united Europe without dividing lines'.<sup>5</sup>

The Union's importance for Russia should not be underestimated: the EU is Russia's most important trading partner, an immense source of investment and know-how, a useful broker in helping Russia gain WTO membership and the only real political alternative to U.S. hegemony. The European Union accounted for 40 percent of her foreign trade before the enlargement and jumped above 50 percent afterwards.<sup>6</sup> In 2004, EU countries accounted approximately for 60-65 percent of all direct foreign investment in Russia.<sup>7</sup> Importance of the EU notwithstanding, relations between Russia and the Union have been quite formal for a long time. Despite the fact that summit meetings<sup>8</sup> used to take place twice a year under the PCA between Russia and the EU, the Russian government and Putin personally attributed much more importance to bilateral relations with the key member states – Germany, France, the United Kingdom and Italy.

The years 2002-2003 could be considered the beginning of Russia's attempts to develop qualitatively new relations with the EU. Over the past four years, the relations have moved from political declarations to practical cooperation.<sup>9</sup> Two projects have been identified as the main evidence of Russia-EU strategic cooperation. The first is the energy dialogue; the second - the concept of four 'common spaces' aimed at deeper integration in these areas: economics and trade; internal security and justice; science, education and culture; and external security. 'Common spaces', first announced in public at the Russia-EU summit in St Petersburg in May 2003, came to fruition two years later, at the EU-Russia summit in Moscow in May 2005.

However, 'road maps' for the creation of four 'common spaces' agreed during the Moscow summit are vague; they contain neither deadlines nor plans for specific projects. What is worse, Russia and the EU have different ideas of the content of the 'common spaces'. The EU seeks to lead Russia closer to Europe, thus seeking to impose its logic of expanding the integration space on Moscow according to the EU concept 'Wider Europe – New Neighbourhood'.<sup>10</sup> Russia has adopted the opposite approach preferring to develop partnership on the basis of mutual rapprochement and proceeding from the fundamental interests of each party. As Russian Deputy Foreign Minister V. Chizhov put it, Russia understands 'the EU's desire to create a friendly environment around its new borders' but does not share the EU's wish to forge this environment into a common 'near abroad' that would be 'mostly oriented to EU standards'.<sup>11</sup> Nevertheless, the agreement on 'four spaces' is useful for both sides as a concrete step: useful for the EU because it sets down a sensible framework for the Union's future interaction with Russia, and useful for Russia because her reforms need broadly coincide with the steps that the 'road maps' suggest.



That said, notwithstanding Russia's 'Europe first' policy, EU-Russia relations still lack substance and are in the transitional phase. In his State of Nation Speech on 26 May 2004, President Putin noted Russia's relations with the European Union as an independent and definite priority element of the country's foreign policy, saying that Russia will try to step up her cooperation in this area by 'the creation of the outline of an enlarged Europe as a prospect'.<sup>12</sup>

#### *5.1.1. Economic interdependency*

Due to the primacy of economics in Russia's relations with the EU, effective arrangements with the Schengen visa regime and access to the European energy markets became front-burner issues. A key factor that makes relations with the EU salient to Russian policy makers can be described as interdependence: Russia's dependence on the EU markets and the Union's dependence on Russia's energy resources. Russia's very large energy resources, particularly oil and natural gas, is one of the major factors (in addition to nuclear weapons and Russia's seat at the UN Security Council), which basically define her status in global affairs. In the foreseeable future Europe will continue to depend quite heavily on Russia's energy, particularly on gas. Russian Energy Minister Viktor Khristenko predicted that by 2020 up to 70% of Europe's total demand for gas would be met by Russian supplies.<sup>13</sup> Some influential Western commentators appear to confirm the accuracy of this forecast. Therefore looking primarily at the energy dialogue, Europeans continue to view Russia as a strategic energy producer.

Logically, Russia should not abuse her position. Much as Europe needs Russian oil and gas, Russia depends far more on Europe, where nearly all her important customers are located. Energy exports account for more than 60 percent of Russia's total export earnings, 30 percent of federal budget revenue and have been the main driver of economic growth under Putin.<sup>14</sup> Moscow is also in great need of European investment to develop its energy infrastructure and securing the demand over the longer term. Most Russian analysts specifically stress Russia's growing significance for the EU not only as a key energy supplier, but, more importantly, as a principal guarantor of Europe's energy security. Moscow's pivotal role will only increase as the turmoil in the Middle East persists, and the offshore gas reserves in the North Sea continue to diminish. Putin himself alluded to Russia being an 'indispensable country', when he noted during the October 2005 Russia-EU summit in London that about one-third of Europe's oil comes from Russia and that some countries depend on Russia for 90 percent of their gas.<sup>15</sup>

Russia is perfectly exploiting her energy 'weapon' to drive a wedge between EU countries. A case in point is the North European underwater gas pipeline project endorsed by the EU, running from Russia to Germany. This was approved despite the overt, fierce resistance on the part of the East European countries and the Baltic States. The leaders from Eastern Europe – seen as irreparably Russophobes by the Kremlin – were conspicuously excluded from what is pompously billed as the EU-Russia energy dialogue. Russia's deft usage of her energy riches in pursuing both economic and political ends indeed poses a serious problem for the EU, as it reveals the Union's inability to fashion a coherent common foreign policy, including a common strategy toward Russia. Naturally, Russian strategists positively view the growing

decentralization of the decision-making process within the EU and the decrease in the European Commission's authority, interpreting these trends as the by-products of the current EU crisis. They believe Moscow's interests will be better secured if the EU continues to evolve more toward the liberal free-trade zone and away from the pan-European quasi-state model.

EU's increasing dependency on Russia's natural energy sources means that it may pay a high price in the future. The Russia-Ukraine natural gas dispute is the most telling example of Russia's ability to use Europe as a lever. Prior to the shutoff of gas to Ukraine on 1 January 2006 and, as a result, reduced supplies to majority of European countries, the Europeans had become complacent, unappreciative of the scope of their dependency upon Russia or how much they have taken a 'friendly' Moscow for granted since, or even before, the end of the Cold War. Energy supplies to Europe continued during the overthrow of Gorbachev, the Soviet break-up, the Chechen war, the Kosovo war, and the enlargements of NATO and the EU. The Europeans grew confident that as far as energy supplies were concerned, the Russians, while unpredictable in their rhetoric, were rock-solid in their reliability.

One of Moscow's goals during this gas dispute was, arguably, to redefine European perceptions of Russia. With the *Gazprom* cut off and the diminished gas supplies Russia proved herself not only sufficiently erratic to be taken seriously, but also capable of inflicting very real pain with a modicum of effort. Did the Russians want to hurt the Europeans? The answer is probably not. Europe, particularly the 'old' Europe, remains a potential partner for Moscow, and there is no reason for the Kremlin to introduce spite into an already complex relationship. But Russians want the Europeans to know that the Kremlin has the capacity to turn the screws. This, of course, is not about establishing trust, but about establishing in Europe a respect for Russia's strengths and an awareness of Russia's concerns.

#### *5.1.2. The impact of the EU enlargement*

A key factor in Russia's relations with the EU is the robust enlargement of the European Union, including the Baltic States. The enlarged EU has come physically closer to Russia over a wide spectrum of relations: political, security and, perhaps, most intensively, in the economic area. These developments have already given rise to some tensions within the relationship but there will also be clear potential gains for both parties if cooperation can be strengthened.

As noted in chapter 2, in the 1990s, in stark contrast to NATO's expansion, reaction in Russia to the EU enlargement, was largely relaxed and even quite positive, despite the widespread Western view that potential negative consequences of the latter process are much greater for Russia. However, as the EU approached Russia's doorstep such euphoric view of the Union became no longer valid. Further consolidation of the EU has made clear than the dividing line between members and non-members might become much more fundamental than in the case of NATO. Unlike NATO enlargement, which constitutes a largely psychological and emotional challenge for Russia, EU enlargement is starting to impose a real economic price on dealing with neighbouring states and the EU in general. In practice, the enlargement is affecting all of Russia, but especially



those Russian regions which border the enlarged EU. The Schengen regime and its impact on Russian mobility and trade, particularly in Kaliningrad, is posing a major challenge (for the Kaliningrad problem see 5.2).

Despite the sincerity and friendliness of communication between Putin and the leaders of 'old' EU member states this proved to be not enough as Russia's relations with the EU became more diverse and important. Therefore the Russian government's attitude towards the EU started changing. What is more, Russia has now woken up to the fact that the EU-25 is markedly different from EU-15, and not only because of its size. Eight of the newcomers, soon to include Bulgaria and Romania, were once dominated by Moscow. The 100 million or so 'new Europeans' tend to have a different, and often a dimmer, view of Russia's past and present.

The signs of crisis became most apparent in the EU-Russia relations in 2004 – the year of EU enlargement. In February 2004, the European Commission issued a strongly worded communication asserting that the EU-Russia relations had 'come under increasing strain' on important issues from enlargement to energy and environment, and questioning Russia's conviction to uphold core universal values and pursue democratic reforms.<sup>16</sup> The European Union was irritated by Moscow's refusal to automatically extend the 1994 PCA to the ten new countries that joined the EU on 1 May 2004. EU foreign ministers even issued an ultimatum to Moscow extend the PCA to the new member states, or face the consequences in the form of economic sanctions. The EU also wanted Russia to ratify the Kyoto Protocol and deregulate her gas sector, threatening to block Russia's accession to the WTO otherwise. In return, the Kremlin came up with its own list of demands aimed at securing Russia's economic interests in Central and Eastern Europe. It wanted compensation for EU expansion (for the effect on Russian trade with the new EU member states), unrestricted transit to Kaliningrad via Lithuania, status of the state language for Russians in Latvia and Estonia, and abolition of visa requirements for travel between Russia and the EU.<sup>17</sup> Politically, the list provided fresh evidence of Russia's concern that she would lose influence in the wake of EU enlargement - prompting Moscow to increase pressure on Brussels and the new member states. Economically, Moscow's demands illustrated the importance of trade and investment between the EU and Russia – Russia's continuing hunger for European capital to help build a more diversified economy.

In general, mutual disillusionment appears to be the main feature of EU-Russia relations. Perhaps this was inevitable. When they started to develop their relationship, the EU and Russia knew little and expected much of each other. Before the enlargement, Russia-EU relations had seemed generally positive, if prone to friction. This has been reversed, with relations, in some areas, becoming generally frictional and occasionally positive. Real differences have arisen that feature as much misperception of the other's policies as genuinely divergent interests. The new neighbourhood that EU and Russia now share has become the front line in Russian-European relations. Nowhere was this more evident than during the Orange Revolution in Ukraine in late 2004. On the other hand, disillusionment does not have to be entirely bad. It provides an opportunity for a thorough reassessment of a new start.

## 5.2. The Kaliningrad puzzle

### 5.2.1. Strategic and geopolitical significance of Kaliningrad

Kaliningrad's (former Königsberg) situation is unique due to its history, geographical location and geopolitical significance; there is no parallel on the European map. The Kaliningrad region (*oblast*) – a small Russian enclave (15,100 sq. km in size) wedged between Lithuania, Poland and the Baltic Sea - is the only Russian region physically separated from the rest of its mainland and surrounded by foreign territories (see map 3). The Kaliningrad *oblast* became Russia's exclave as a result of the collapse of the Soviet Union.<sup>18</sup> Kaliningrad's native population is now overwhelmingly Russian.<sup>19</sup> The most direct land access from Russia to the *oblast* is via Lithuania.

The source and uniqueness of the problem, which is often called the 'Kaliningrad puzzle', are geopolitical. The 'Kaliningrad puzzle' is the expression of relations between the Russian Federation and her territorial fragment – the Kaliningrad *oblast* - depending on the domestic and international factors. For more than fifteen years the combination of these factors have determined the variety of options, set by Russia to maintain the territorial fragment, to manage and control it efficiently, i.e. to preserve sovereignty and legitimacy. After the Second World War, the *oblast* performed two functions – outpost against the West and a barrier ensuring the dependence of the Eastern Baltics upon the USSR and its dominance in Poland.

After Kaliningrad became an exclave, there were expressions of concern that the Germans would return to their lost territory, at least economically if not militarily, and once again dominate the region.<sup>20</sup> But this did not happen; instead the Germans have adopted a low economic and political profile in the *oblast*. The German government insists that their relations with Kaliningrad will be channelled through the EU or sub-regional bodies, such as the Council of the Baltic Sea States (CBSS).<sup>21</sup>

Throughout the Cold War Kaliningrad was above all a huge military base, headquarters to the Baltic Fleet and more than 200,000 troops (strong army units, air and air defence forces, and border troops).<sup>22</sup> It was one of the most highly militarised areas in Europe and sealed off to foreigners.<sup>23</sup> The region contained pre-positioned weapons, including nuclear ones, to allow a large number of troops to be sent there in case of war.<sup>24</sup> As the region's civilian structures were adapted to military needs, this distorted the economy and hindered its development after the break up of the Soviet Union.

With the end of the Cold War and as a result of the independence of the Baltic States, the Soviet Navy lost many of its bases in the region.<sup>25</sup> The collapse of the Warsaw Pact led to the withdrawal of Soviet troops from East Germany, Poland and Lithuania, which were provisionally based in Kaliningrad. The region was also used as a collecting point for returning Soviet Army units. The *oblast* thus acquired a huge military force, which caused concern in Northwest Europe, especially in Lithuania and Poland.





Map 3. The Kaliningrad *oblast* and its neighbourhood<sup>26</sup>

In the 1990s, the real military significance of the *oblast* started to decline, and the garrison nature of Kaliningrad has become less pronounced. Economic recession in mainland Russia began to take its toll and the numbers of troops and major equipment stationed in Kaliningrad dropped significantly by 1998.<sup>27</sup> In the mid-1990s, the idea of Kaliningrad – ‘Baltic Hong-Kong’ began to be developed as an alternative to various proposals to internationalise and demilitarise the region. The idea had to reveal the potential of the region as a possible economic bridge between the East and the West. In 1997, the Kaliningrad Special Defence District (the only remnant of the former Baltic Military District) was abolished. The configuration of the region’s military structure has become purely defensive.<sup>28</sup> Currently the Kaliningrad *oblast* hosts roughly 26,000 servicemen.<sup>29</sup>

For obvious reasons strategic significance of the *oblast* for Russia is substantially greater than it was for the Soviet Union. The region’s real importance to the Federation lies in its geo-strategic position, representing ‘Russia’s toehold in the Baltic region’.<sup>30</sup> Russia has had a physical presence in this area for over 300 years, and is unlikely to accept the idea that the presence should disappear. The Kaliningrad *oblast* remains Russia’s strategically vital ‘Western outpost’. After the loss of the Baltic States, Kaliningrad is Russia’s only remaining ice-free port, as well as her only naval base in the Baltic region.<sup>31</sup> Equally important is that the *oblast* is still embedded in a Europe/West versus Russia dichotomy and the tendency to measure Kaliningrad in terms of traditional security is still there. Moreover, using the *oblast* as a geopolitical



lever certainly helps to secure Russia's economic interests in the Baltic Sea area and, simultaneously, in Europe. Finally, one cannot rule out the possibility of a deterioration of the political and military situation in Russia and in her relations with the West. That said, the strategic significance of the *oblast* largely explains the Kaliningrad dilemma – the military outpost or the economic bridge between Russia and the West. The dilemma between the role, which in Moscow's opinion, belongs to it legally and the role, which external environment allows Moscow to play, creates complications.

Being Russia's exclave in the Baltic region, the Kaliningrad *oblast* inevitably has been turned into a Russian exclave in the closed pan-European area. Seeking to impair Lithuania's Euro-Atlantic integration, Moscow was escalating the issue of military transit via Lithuania, making demands that the transit's regime should be reviewed.<sup>32</sup> Following EU enlargement, the region's detached position has started to exacerbate various political, economic, security-related and psychological conditions that brings about what has been called the 'Kaliningrad puzzle'.<sup>33</sup> Logically, Russia has to adjust one or another relationship strategy with the exclave to the changing environment both in the *oblast* and around it. Failure to solve this problem could open up a real possibility for the *oblast* to distance itself from Moscow.

All in all, it is combination of psychological, historical and, especially, geopolitical factors which determine Russia's approach to the *oblast*. The prevailing perception was that the exclave was encircled by two Western blocks – EU and NATO, viewing the latter basically as adversarial. What is worse, the *oblast's* energy supply and communication with 'big' Russia is carried out with the help of transit through the territory of 'other blocks'. This largely explains why the primary goal of Moscow's strategy is to maintain its control over and assure connection to Kaliningrad, whereas the *oblast's* social and economic development is of secondary importance. Such a policy line is based on the assumption that more openness for Kaliningrad would undermine Russia's sovereign rights over the region. Thus, in solving the problem of preserving sovereignty and assurances of connections with Kaliningrad, Moscow turned the *oblast* into a 'geopolitical hostage' – the territory which it seeks not only to maintain (internal aspect) but also to make other countries and international institutions 'abstain from any direct or indirect acts of liberating the hostage' (the external aspect).<sup>34</sup>

#### 5.2.2. Domestic situation: between 'high' and 'low' politics

The development of Kaliningrad and its status hinge on the general economic situation and political system in Russia, but, more than in other Russian regions, Western countries have various avenues of influence. This is due to the fact that Kaliningrad is an exclave that has recently become surrounded by NATO and EU countries. Therefore the Kaliningrad issue is considered in the context of dual enlargement of the EU and NATO.

Kaliningrad's problems are manifold, but in general terms they can be divided into two groups. First and foremost, there are problems related to the internal specificity of Kaliningrad: the legacy of Potsdam, geopolitical situation, and social-economic factors. Due to this specificity the internal aspect, which is officially covered by the external one, is of greater importance to Russia. Officially, Moscow does not contradict, even



encourages treating the province as a specific region - 'pilot' region in EU-Russia partnership.<sup>35</sup> However, it does not allow this peculiarity to manifest itself in practice. This largely explains an ambiguous political vision and strategy on Moscow's part, which has had a negative impact on the *oblast's* development.

The main reason why Kaliningrad's economic situation has deteriorated more than Russia's since 1991 is 'Moscow's inclination to military-type rhetoric and solutions to Russo-Baltic security issues'.<sup>36</sup> A choice 'market or tanks' used to work in favour of the latter. In 1995, Russia started to play the card of demilitarisation to attempt to forestall NATO expansion. Sergey Krylov, then Russian Deputy Minister of Foreign Affairs, even proposed the demilitarisation of the *oblast* as an alternative to NATO membership for Poland and the Baltic States.<sup>37</sup>

Furthermore, in 1999, when Kosovo crisis and Russia's second war in Chechnya soured her relations with NATO and the Baltics, one could also recall the largest Russian military exercise 'Zapad-99' together with Belarus, in which her nuclear forces were also trained. The exercise assumed a NATO attack on Kaliningrad. Russian military integration with Belarus was developed further, and Sergey Ivanov, then secretary of the Security Council, stressed the importance of Kaliningrad in this connection.<sup>38</sup>

The alarming news, according to U.S. intelligence reports, was about Russia's tactical nuclear warheads transferred to Kaliningrad in 2000. Russian officials denied the presence of nuclear weapons in the region and refused to allow inspections of military facilities in the area by concerned neighbour states.<sup>39</sup> The presence of nuclear weapons would have contravened earlier commitments, as well as the idea of a nuclear-free Baltic Sea.

All these facts show that during the 1990s Russia tend to put in the first place *oblast's* military priorities ('high politics') rather than economic ones ('low politics'), which inevitably shaped the Kaliningrad's present situation. The fundamental concern is that currently Kaliningrad does not play any significant role in the Baltic Sea region. As there is no firm structural basis for trade relations with other countries, trade patterns are diverted away from the *oblast*, and the main transport routes bypass the exclave.<sup>40</sup> Neighbouring countries have developed far more competitive economies. Currently Kaliningrad is responsible for just 5 percent of the total turnover of goods in the Baltic Sea area, and this will only decrease after EU enlargement.<sup>41</sup>

The central authorities in Moscow have been worried about a significant expansion of Kaliningrad's ties with the West, fearing that this could result in a loss of central control over the region and spur separatist tendencies.<sup>42</sup> Thus, Moscow has been unwilling to provide the region with sufficient economic assistance to deal with its mounting economic and social problems. As a result, the *oblast* acquired many disturbing features: high unemployment, a critical environmental situation, the intimidating scale of manifestations of organised crime, the highest percentage of HIV infections in Europe, the spread of tuberculosis, and isolation.

It is important to note from the polls of 2006 that 53 percent of the *oblast's* residents identify themselves as Kaliningraders (40 percent acknowledge their Russian identity) -

the biggest percentage in the Russian Federation in terms of regional identity.<sup>43</sup> About 46 percent of the enclave's population has never been to 'mainland' Russia.<sup>44</sup> Kaliningrad's identity is built mainly on its unique exclave's location, which makes it very dependent on neighbouring states. In Trenin's view, the Kaliningrad people, albeit being Russians of the Russian Federation, have acquired Euro-centric regional mentality.<sup>45</sup> Europe has tremendous cultural influence on the region, and Kaliningrad people travel more to adjacent countries than to 'mainland' Russia. Many Kaliningraders, especially the younger generation, feel 'special', seeing themselves as Russians but also as more European and Western than Russian Russians.

In accordance with public polls carried out in May 2001, concerning the status of Kaliningrad, 35 percent respondents would support the *oblast* within the Russian Federation, but would like it to have a specific status approved by the constitution; 26 percent supported the idea that the region ought to acquire more economic rights without changing its status; 8 percent of respondents were in favour of Kaliningrad's secession from the Federation and becoming an independent republic.<sup>46</sup> According to the polls in March 2002, 60 percent of young people (up to 28 years old) supported secession from Russia.<sup>47</sup> These figures, to a certain extent, reflected popular disillusionment with Moscow's policy and the hopes for Western assistance in Kaliningrad. This is largely a consequence of metropolis inability to support the region economically, its restrictions on the *oblast*'s foreign trade on the one hand, and not effective EU support on the other.<sup>48</sup> If the gap between the *oblast* and its neighbours is widened further, it is possible that Kaliningraders may demand more freedom from Moscow, and these demands would be accompanied by attempts to get closer to the EU. If Moscow wakes up too late to the Kaliningrad problem, it is more likely to over-react and clamp down hard to re-impose its rule.<sup>49</sup>

The *oblast* has now become a source of concern for the EU (likewise for neighbouring countries), as it is turning into an enclave surrounded by the new member states of the European Union. Kaliningrad might be held back in its development by the Schengen regime and Russia's incapability, while Lithuania and Poland are inside the EU attracting new investments and structural funds. In short, the *oblast* is becoming peripheral in two respects: as an enclave in the enlarged EU and as an exclave outside Russia's mainland. There has been some fear that, if the solutions for the region's economic and social development are not found, it may become a source of instability for the entire Baltic Sea area.

There is also a second group of problems, arising from the EU enlargement process which belongs to 'low politics': the movement of goods and people between Kaliningrad and the rest of Russia (including visa regime); energy supply in the region; trans-border cooperation; fisheries, and so on. It is also the case that 80 percent of the region's energy resources come from the neighbouring states<sup>50</sup> (the situation will change with the opening of the North European Gas Pipeline under the Baltic Sea). These problems have to be solved by the EU and Russia with the participation of Poland and Lithuania. But it should be stressed that it is Russia who is primarily responsible for their successful solution. First of all, it is to do with the economic backwardness of the *oblast*. The obstacles of economic growth in the enclave largely stem from Moscow's ineffective rule and unrealistic perceptions. Russia's approach to Kaliningrad has since



1991 been *ad hoc* and top-down decisions, made primarily in Moscow and lacking continuity. As a result, the region has been suffering under the lack of reforms from the Russian administration and the generally wrong perception of how to extract the exclave from oblivion.

### 5.2.3. Russia – EU dialogue: seeking common ground?

Prosperity of Kaliningrad *oblast* is a common objective for Russia and the EU. The Union's enlargement has increased the region's economic vulnerability. Therefore more attention has been devoted to the social-economic development of the *oblast*, consequences of Kaliningrad lagging behind its neighbours and turning into a 'double periphery'. What options are open for Kaliningrad to exist simultaneously both inside and outside of the EU? Frameworks of interaction between Russia and the EU (see Appendix F) are aimed to find an acceptable solution to the 'Kaliningrad puzzle'. A genuine dialogue is to evolve to take into account the differences between Russian and EU policies and approaches concerning this issue.

By and large, there have been two different views – optimistic and pessimistic – regarding Kaliningrad's future.<sup>51</sup> According to the optimistic view, the *oblast* is more likely to benefit from the EU expansion, as its neighbours should have a favourable influence on the socio-economic situation of the region.<sup>52</sup> Kaliningrad, with its central geographical location in the Baltic Sea area and in the centre of the Common European Economic Space (CEES), is particularly well placed to benefit from enlargement. Two conditions are necessary for the optimistic scenario to be realised. First of all, Russia has to do her homework: Kaliningrad's development should follow the market economy and permit the development of civil society. Secondly, the *oblast* has to become more open to cooperation. Finally, it will be no possible solution to the problem if its perception has not changed. Strong potential will, getting rid of stereotypes and new security thinking are of crucial importance. The Kremlin, however, remains inclined to use Kaliningrad *oblast* as a political card in its game with the West.

From a pessimistic perspective, EU enlargement may lead to an aggravation of the situation around the *oblast* and, as a consequence, to the worsening of the external conditions for its basic survival, and thereby turning the *oblast* into a 'double periphery'. Both sides – the EU and Russia - use the word 'isolation'. For the EU it means isolation from the surrounding area in terms of its development, whilst for Russia the word 'isolation' carries a totally different meaning: isolation from the mainland (no important trade flows with Russia) and from Europe, i.e. 'double periphery'. This explains why it is not so easy for EU and Russia to find common ground.

The *oblast* has been suffering from both a lack of flexibility shown by the EU and a lack of reform on the part of the Russian administration. Most important, there is no clear conceptual and resource-based Russian policy *vis-à-vis* Kaliningrad-related projects: no concepts, no money. Russia also needs to speed up the harmonisation of standards and regulations in accordance with those of the EU, or risk falling even further behind and becoming even more isolated.

It should also be noted that neither EU (or NATO) enlargement, nor the introduction of the Schengen agreement and its procedures vis-à-vis Kaliningrad is the real problem for the *oblast*.<sup>53</sup> A key obstacle, however, is that the *oblast* is not very attractive to investors because of internal reasons: small domestic market, high level of criminality, corruption, the absence of environmental measures against pollution, and the need for further Kaliningrad's demilitarisation. Whilst it is the case that the Kaliningrad visa problem needs to be resolved, it is minor compared to Russia's broader interests in the EU. Good relations with the EU are of great value for Russia in many respects. Russia's long-term aim is the creation of a common economic space<sup>54</sup> with the EU, the main element of which is a free trade zone. However, as the dispute over Kaliningrad shows, Moscow remains more concerned 'with damage limitation than with exploring the potential for development'<sup>55</sup>, and this is not the way to forge a constructive partnership.

The status of a Special Economic Zone (SEZ) given in 1996, which replaced the previous status of a Free Economic Zone (FEZ), as a necessary precondition for the successful integration of the *oblast* into the world economic system, has not paid off.<sup>56</sup> Moreover, during a decade or so the Kaliningrad *oblast* attracted seven times less investment than the neighbouring Nizhniy Novgorod *oblast*, which has not enjoy such status.<sup>57</sup> Even though the whole Kaliningrad region was SEZ, it did not even figure among the top 20 regions in Russia with regard to foreign investments.<sup>58</sup> In most cases, the minimum amount was invested, and part of the 'foreign' investments was in fact Russian money returning home after an earlier capital flight.

Things have started to look brighter for the *oblast* since the end of 2000, when the governor Admiral Vladimir Yegorov, the former commander of the Baltic Sea Fleet, took over. He was widely regarded as pro-European and a reform-minded pragmatist, also one of Putin's favourite 'men in uniform'<sup>59</sup>, enjoying tacit support from the president. Already in 2001, Moscow started to pay more attention to the region: a new federal programme on Kaliningrad was adopted, and a special meeting of Security Council on the enclave was convened. But despite these efforts, within Yegorov's rule, difficult reforms were not tackled, nor had systematic changes been made. It is largely because the Kremlin did not give sufficient leeway to Kaliningrad to improve its administration. Beside this, Russia did not implement clear legislation that would take the interests of foreign investors into account. Only by establishing stability and predictability would the SEZ have a chance to become successful.

Since Vladimir Putin took office in 2000 Russia has seen a quick re-centralisation of power, taking power from the regions and returning it to the Kremlin. Since May 2000, Kaliningrad has come under the North West Federal District, based in St. Petersburg and headed by presidential plenipotentiary to the federal district Viktor Cherkessov, another Putin favourite.<sup>60</sup> This reform had repercussions on the *oblast*'s administration. For instance, it is worth mentioning that the Security Council proposed to assign a deputy plenipotentiary for the Kaliningrad region alone, attached to and appointed by Cherkessov.<sup>61</sup> This proved Moscow's intent to create a parallel administration for the *oblast* and give the centre a greater role to the detriment of further democratisation. The appointment of a special presidential representative on Kaliningrad, Dmitriy Rogozin, in July 2002 signalled that Cherkessov's influence in the *oblast*'s current affairs diminished.



In 2002, the relationship between Russia and the EU was particularly burdened by the problem of the transit visa for Russians commuting to and from Kaliningrad. The statement of the 2002 Russia–EU summit speaks about ‘new problems’, possibly created by the EU enlargement and about the need to reach mutually acceptable solutions for the Kaliningrad *oblast*. To quote the political analyst and the former member of the Kaliningrad Duma, Solomon Ginzburg, ‘the results of the summit should more correctly be called not a “strategic success”, but a deferred compromise’.<sup>62</sup> This posed a real dilemma: will Russia and the EU be ready and able to act jointly to resolve the internal problems of Kaliningrad and facilitate its inclusion into a broader area of the regional cooperation?

By and large, the federal policy on Kaliningrad varied to a large extent according to the current power structure in Moscow and its ability to carry out its intentions. Putin’s strengthening of federal control over Kaliningrad should be seen in the context of NATO and EU enlargement around the region. In negotiations with the EU, Moscow tried both to safeguard federal security interests and to get economic support for the region and Russia as a whole.

During 2000-2002, President Putin repeatedly stressed the need to make Kaliningrad a ‘pilot’ region in the framework of the EU-Russia relationship, presenting the *oblast* as a ‘qualitative test’ of Russia’s relations with the EU.

It is time to rethink the concept of the region’s development in the light of the new European realities and the new potential of the Russian economy. (...) Kaliningrad region may serve as a testing ground between Russia and Europe.<sup>63</sup>

This reflects how much importance Moscow attaches to its exclave: without Kaliningrad, Russia’s presence in this part of the world would be seriously reduced. Moscow’s approach is also accentuated in the ambitious new federal programme on Kaliningrad for 2002-2010, which envisaged a grand design for the reconstruction of the *oblast*.<sup>64</sup> The programme’s key objective is to create conditions for the sustainable development of Kaliningrad on the basis of an expansion of the export-oriented industries and the attainment of living standards for the population comparable to these of neighbouring states, all through the improvement of the SEZ. Although one should acknowledge a new engagement with Kaliningrad from both the regional administration and Moscow, the programme was based on a weak and incorrect analysis, neglecting fundamental issues - the absence of essential legislation and effective management. Consequently, it has not introduced crucial reforms, nor it has created openness.<sup>65</sup>

All in all, Moscow’s treatment of the region as a ‘geopolitical hostage’ created the no-go situation, which did not give answers to the principal questions: what is the future of the *oblast* and where will pumping of funds and holding on a short leash the territorial fragment (exclave), which has found itself in a strange environment, lead to? It was also obvious that the key to these questions lies in Moscow, and namely the latter has to find a new approach to the *oblast*. The case of the 750<sup>th</sup> jubilee of Königsberg/Kaliningrad, which took place on 1-3 July 2005, demonstrated that the Kremlin has found new factors and new spaces in its policy towards the *oblast*. Russia’s European rhetoric and attitude towards the historical heritage of the Kaliningrad region was well heard. The resolution to overcome the barrier - to break the Soviet tradition to treat the history of

the city only starting with 1945 and to recognise historical continuity was a significant signal that Moscow gave to the West. This signal was received in the West, first of all in Berlin. The response has acquired a material expression – building the North European Gas Pipeline under the Baltic Sea. Thus, Russia's attitude to Central and Eastern Europe and the role of the Kaliningrad factor in this regard came to light. Contours of the regional policy of Moscow framing the relations with its exclave were clearly seen.

Not by chance did this celebration coincide with the Kremlin's appointment of the new Governor Georgiy Boos, the former deputy chairman of the Russian Duma and one of the leading figures of the presidential party 'United Russia'. It should be noted that this was the first time in Kaliningrad's history when the governor was not from the local elite but from Moscow. He did not only speak about the role of the outpost of the *oblast* in Russian-European rapprochement but also undertook, with the blessing from the Kremlin, practical steps to prepare the exclave for this role. Boos characterises it as 'Russia's window to Europe' (here the parallel with Peter the Great should not be lost)<sup>66</sup>. In his view, the Kaliningrad region must not be the territory, which Europe tries to exploit as a trump card while penetrating into the Russian markets but must serve as a jumping-off ground for Russian business to integrate into European and world markets. For that reason, the *oblast* must be rapidly modernised, i.e. a transparent financial system must be created, the budgetary process must be made public, energy capacities of the region must be doubled, infrastructure and logistics of transport must be developed. Finally, the law on SEZ must be drawn up so that all these measures should attract large and competitive Russian capital to the region.<sup>67</sup> His first steps indicate that the new governor has in essence completed the structural reform of the region. Preferences given to large capital of the Russian Federation and non-traditional solutions to modernise the Kaliningrad *oblast* are obvious.

### 5.3. Russian-European security relations

The European Union's approach to Russia's security question has been basically indirect: to assist the country's difficult transformation process with the hope that at some point in time this will also yield security benefits. Moscow has also been overtly reluctant to engage with Brussels on foreign and security policy issues, as it is distrustful of the EU's growing interests in Russia's supposed 'sphere of influence'. That is why the actual security agenda between Russia and the EU is fairly modest, especially in the hard security area. In the purely military field, Europe's direct engagement with Russia remains very limited due to the fact that the Russian military is not an easy partner for the EU to work with. Russia's record in civil military relations is another sensitive topic.

For most of the 1990s, Russia did not regard the EU as a credible actor in foreign and security policy. Given the embryonic state of the EU's Common Foreign and Security policy (CFSP), this was not surprising. But Russia's attitude started to change when the EU took its first concrete steps towards the ESDP, following a Franco-British summit in 1998. The Kosovo campaign in 1999, which led to Russia suspending her relations with NATO, accelerated the Russian reassessment of European security policy. Russia hoped that the ESDP would reduce NATO's dominance in European defence.



Putin's turn to the European Union was part of his recognition that the EU offers an opportunity not only in terms of economics and trade, but also in terms of European security. At first Moscow took a 'wait-and-see' approach towards the ESDP.<sup>68</sup> In Igor Ivanov's words, the main goal of Russia's European policy is to work toward a 'stable, non-discriminatory, and universal system for European security'. This is what it would take to build a 'Greater Europe' with a unified area of stability and security, economic prosperity and permanent democracy.<sup>69</sup> In this sense, the ESDP is essentially an instrument to create a 'Greater Europe'. In other words, relations with the ESDP should advance Russian interests in Europe, which consist in creating a model of European security that ensures Russia an equal voice in all security dimensions. Moscow's perception of the ESDP as such, is in complete contrast to that of Brussels. For the EU, the ESDP is just a limited instrument of the Union's foreign policy, dealing solely with crises management, thus it serves the EU and not a 'Greater Europe'.<sup>70</sup>

Throughout the 1990s, Russia's interest in the development of a 'pan-European' security architecture was accompanied by her efforts in trying to elevate the OSCE status as Europe's umbrella security organisation to which all other institutions are subordinate. Such a policy line was not extinct in the first years of Putin's tenure. Suffice it to mention his call, repeated on many occasions prior to 9/11, for a reordering of the strategic and security relationships between Russia, Europe, and the U.S, saying that the current security system does not ensure security at all. Later on, Putin gradually abandoned the idea of the primacy of the OSCE, relegating it to the margins of European security thinking.

By and large, Vladimir Putin's re-engagement with European security organisations after the 1999 Kosovo crisis has had mixed results. Deepening ties with NATO have offered benefits but these do not ensure Russia an equal voice in European security. The OSCE has moved in Russian policy from being perceived as a potential solution to becoming a problem. This organisation has increasingly become seen as cumbersome and intrusive (notably vis-à-vis Chechnya), and incapable of serving as an effective instrument in promoting Russia's strategic goals – this was particularly the case in the OSCE Istanbul summit in 1999.<sup>71</sup> Meanwhile, the EU has emerged as an important European security provider.

Accordingly, Russia's perception towards the ESDP has changed. Under Yeltsin, the ESDP (and the EU) was looked upon as a counterweight to a 'NATO-centric' European security system and as a key 'pole' in a multi-polar world order. The Putin administration has been keen to establish cooperation in the ESDP area but in a different way. In the Kremlin's eyes the ESDP assumes a different function: that of 'a new channel' for Russia's inclusion in European policy-making processes.<sup>72</sup>

In 2000, at the Russia-EU summit in Paris there was launched a political and security dialogue with Russia and adopted the *Joint Declaration on Strengthening Dialogue and Cooperation on Political and Security Matters in Europe*.<sup>73</sup> Since then, meetings, commissions and agreements in the political and security area have proliferated. The 2002 summit issued a joint statement, indicating that the EU and Russia agreed to deepen their 'political dialogue and cooperation in crisis management and security

matters'.<sup>74</sup> Beyond this, the Russian Federation came up with a Russia-EU Action Plan in the ESDP field.<sup>75</sup> The same year a Russian liaison officer started to work with the EU Military Staff in Brussels. In a highly symbolic move, Russia sent a handful of officers to take part in the first operation of the EU - EU Police Mission (EUPM) in Bosnia and Herzegovina at the start of 2003.

Nevertheless, the political and security dialogue remained weak on substance; that is probably why the EU and Russia re-launched it at their November 2003 summit. Russia's initial enthusiasm for the ESDP has clearly diminished since 2001, partly because of disagreements about the form and scope of cooperation, and partly because the EU has made little progress in driving the ESDP project forward. Furthermore, the deep intra-EU splits over Iraq have confirmed Russian view that the EU will not become a serious actor on the international stage any time soon.

From the EU side, it has had considerable difficulties working with the Russian military. In the Russian security and defence establishment, there is still deep-seated mistrust of any military cooperation with the West. And even if the EU and Russia could agree on joint missions, the sheer disarray of Russian Armed Forces would render such cooperation difficult in practice.<sup>76</sup> Russia's political leadership has always been somewhat ambiguous about what it wants from security cooperation with the EU. Russia is still trying to exert some control over the development in EU's defence area. Moscow insists that the EU should not act without a UN mandate, requests the EU to clearly define the geographical reach of the ESDP - as a means of ensuring that EU troops do not turn up on Russia's doorstep in the Caucasus, and wants to be involved at the various stages of ESDP decision making.<sup>77</sup> The EU has rejected such demands. The EU consents to involve Russia in military planning and operations, if and when it is necessary and desirable, but it will not give Russia a regular and institutionalised say in a policy area. In particular, the EU has consistently dismissed Russian calls for a EU-Russia Council that would mirror the NATO-Russia Council.

As far as practical cooperation in security area is concerned, the EU and Russia should concentrate on the agreed common space of external security. They could find much common ground in the fight against international terrorism. After 9/11, the two sides held several meetings on counter-terrorist strategies and agreed to share intelligence. However, the problem of Chechnya looms large in this area. The Russian authorities have classified Chechen rebels as international terrorists, and insist that the Chechen military campaign is just as legitimate as the West's action against al-Qaeda or Saddam Hussein. The EU, meanwhile, has repeatedly called on the Russian government to restrain its troops in Chechnya, safeguard human rights and seek a political solution through talks with the moderate Chechen factions. Although Western criticism of Moscow's Chechnya campaign died down after 9/11, the EU has always been somewhat more vocal. At the same time, Russia accused EU countries, in particular the UK, of double standards in the fight against terrorism, especially after a London court granted political asylum to Chechen leader Akhmed Zakayev in late 2003.

The 'common neighbourhood' could be another area for Russia-EU security cooperation. In the view of Dmitry Danilov, Head of the Department for European Security Studies in the Institute of Europe, Russian Academy of Sciences, Russian and



EU forces could jointly participate in crisis management operations in the former Soviet Union. He argues that it would be beneficial for both sides as it would strengthen the role of the EU, as a regional and international player, and Russia's influence in the CIS countries.<sup>78</sup> The EU has offered Russia cooperation in seeking solutions for secessionist conflicts in Moldova and in the Caucasus. However, the differences between the EU and Russia over settlement of the conflict in Moldova, which arose in late 2003, attested to persist unilateral approaches. Moreover, the EU has long called for joint EU-Russia peace initiatives and peace support missions in the region.<sup>79</sup> The Putin administration has been reluctant to discuss any possible joint initiatives with the EU. Russia is concerned that the ESDP, with EU forces deployed on her borders, may turn against her interests. Only in October 2005 the EU started a border-monitoring mission in Moldova.

The EU plays a very limited role in the Caucasus and Central Asia, much smaller than the U.S. Russia had little chance but to accept U.S. military and political involvement in Georgia and some of the Central Asian states, but she is clearly concerned about the EU taking on any mediating or peacekeeping role in the 'common neighbourhood'. More importantly, while the Europeans are hoping for a lasting settlement of regional conflicts, the Russian political elite prefers a degree of 'controlled instability': it provides Moscow with extra leverage over fragile governments and secessionist movements.

Finally, soft security is an important but often overlooked area of Russia-EU security cooperation. The Kaliningrad enclave, which is perceived as a litmus test of EU-Russian cooperation, provides a huge room for such activities. It should be noted that the issue of soft security cooperation has been discussed in Russia-EU meetings, agreements and joint statements. The PCA contains clauses referring to cooperation on environmental protection, customs and illegal migration, as well as cooperation against money laundering and drug smuggling. The strategic documents – EU's CSR and Russia's MTS further developed this background. To this end, a mechanism of consultations has been established, contacts have taken place regularly at different levels, and cooperative projects have been planned. However, a number of problems ranging from the lack or insufficient funding, the complexity of Brussels bureaucracy and legislation, to Russian irresponsibility and incompetence have prevented the soft security cooperation from developing effectively.<sup>80</sup>

The problem is also that Russia has its own meaning about 'soft' security. For example, one of the reasons why Russia is so opposed to NATO enlargement in the 1990s is that it simply did not believe in the notion of political security, and 'the idea of spreading stability has no meaning in Russia's strategic consciousness'.<sup>81</sup> In many cases, the EU prioritises soft security questions and Russia does not. These questions have been simply been pushed down the agenda, by justifying that environmental security 'remains the ideology of wealthy countries'.<sup>82</sup> Much the same has happened with HIV/AIDS problem in Russia. By and large, Russia's position on soft security matters has often fluctuated between interest and almost complete ambivalence, and often interest remained merely rhetorical. Military security remains the primary focus and will continue to be so in the near future.<sup>83</sup>

On the whole, despite a noticeable rapprochement between Russia and the West, the 'deterrence-cooperation' dichotomy has persisted in their relations and will survive into the foreseeable future.<sup>84</sup> The security field remains decisive for the content of these relations. A point that should not be overlooked in the EU-Russia security relations is the risk of contradictions arising between the European Union and the United States, notably on the prevailing themes 'unilateralism *versus* multilateralism'. On these issues, Russia comes closer to Europe on the common basis of non-acceptance of U.S. hegemonism. On the other hand, once Russia became a part of a U.S.-led anti-terrorist coalition, Russia is on some issues emotionally closer to the U.S. than to the EU. This creates a new temptation for Russia to try to 'play off its new closeness to America against Western Europe'<sup>85</sup> in an effort to punish the Europeans for their arrogance and extract concessions from the EU.

It is also clear that 'wedge-driving' between the U.S. and Europe would be dramatically counterproductive for Russia. The Iraqi crisis demonstrated that a split between Europe and the U.S. on security issues is the most unfortunate development for Russia. Although this crisis resulted in a new political phenomenon – the coalition between France, Germany and Russia - driven by an illusion to put a limit to U.S. hegemony, further development in the Iraq war proved a failure of this goal. This confrontation not only undermined the UN role and European positions; it also left Russia 'outside the European strategic power centre', which returned to being a partnership among the UK, France and Germany.<sup>86</sup>

The bottom line is that security cooperation requires common culture and confidence building. There are three major differences in security perception between Russia and the European Union: threat prevention in terms of using force in international relations; notion of power, i.e. notion of authority and its role; and the ways of crisis management. Moreover, the EU is a very complicated body, oscillating between a soft power (the German approach), a hard power (the French approach) or something in between (the British approach), let alone its new notions of nationality and sovereignty, whilst Russia is a nation-state and she is not going to delegate her sovereignty. There is also a big gap in the culture of Russian security services and those of the West. Above all, Russia's biggest concern is how far and how fast the EU will extend its influence into the common neighbourhood.

#### **5.4. Impediments in Russia's engagement with Europe**

Since Gorbachev unleashed *glasnost* and *perestroika*, it was tacitly understood that Russia's goal was to become like Europe. However, it is increasingly obvious that Russia is not developing in the direction that Russian and European liberals were counting on a decade ago. The hopes that Russia would increasingly resemble Europe have not come true. Quite the reverse, the more precise the contours that the Russian political system assumes, the greater the criticism comes from Europe, which is dissatisfied with the standard of the Russian democracy. The interdependence, which is objectively increasing, is contributing not to a diminution of tension, as was initially thought, but to an increased tension.



The logic of 'europeanisation' of Russia loses its shine once it becomes understandable that the practical implementation of the course of 'European choice' means accepting some long-established rules that may actually damage Russia's interests. Russia is keeping her options open, renouncing obligations to bridge the gap between Russian and EU norms, and staking on selective cooperation in a handful of spheres where her resources are comparable (e.g. in the energy and security sectors).<sup>87</sup> Dialogue between Russia and Europe, which in practical terms have had virtually no success on questions of principle, reflects a conceptual crisis. It is already clear for Europe that this kind of Russia cannot integrate herself anywhere, she does not want to, and will not. But the framework of relations remains as before, which is provoking new conflicts. It is worth looking into the main obstacles in Russian-European interaction.

The first obstacle is related to the absence of a strategic vision of future bilateral relations on both sides. For instance, the PCA framework, despite its stated objective of developing a political dialogue, highlights the deeply technical nature of Russia-EU relationship, which is overwhelmingly concerned with trade and economic issues. According to the PCA, the structure of the dialogue is 'more function of internal requirements of the EU than those of the relationship itself'<sup>88</sup>. For example, the six-monthly summits are determined by the rotating EU presidency and not by the need for continual high-level dialogue. The CSR has also a limited value, as it remains underpinned by the PCA, and no additional resources are dedicated to the development of relations with Russia. Furthermore, the comparison of the two framework documents – the European CSR and the Russian MTS towards the EU – reflects a big discrepancy between their definition of the scope of partnership. First of all, the CSR contains broad and vague provisions of Russia as an element of a United Europe, while the MTS is very specific. Secondly, the two strategies highlight diverging concerns of the parties – a strategic gap separating Moscow and Brussels. The EU focuses on values and the necessity of Russia's democratic reforms and building civil society, while Russia addresses her national interests and preserves the fundamental principle of sovereign rights.<sup>89</sup> Finally, the Russian MTS views the EU as an instrument for developing a 'pan-European' security system in accordance with Primakovian line of multi-polarity. Hence, as the security agendas of Russia and the EU are radically different, political and security dialogue has failed to progress. A point also to be taken into account: whereas the EU operates through institutions, Russia is governed by personalities. According to different estimates, in Russia's political establishment, there are only 20 to 25 highly skilled experts dealing with the EU, and only half of them work in the state apparatus.<sup>90</sup> All these differences have rendered the development of 'strategic partnership' between Moscow and Brussels difficult.<sup>91</sup> The bottom line is that the two parties have different views on their mutual partnership, its scope and the commitment it entails. It must be remembered that Russia and the EU are caught up in their own transformation projects – the EU toward deepening and widening, and Russia toward state consolidation and economic revitalization. The different priorities of Russia and the EU dilute any urgency either party may feel in making significant efforts with the other.

That said, the EU faces the challenge of seizing an opportunity in engaging Russia more effectively. Russia remains a prickly partner for Europe, 'sometimes confused and confusing, certainly always defensive'.<sup>92</sup> The issue is not *whether* Russia will become involved in the processes of European integration, but *how* this can be brought about.



Put another way, the main focus is how the relationship between the EU and Russia is developing against the backdrop of EU enlargement. The threat is that Russia tries to use the effects of EU enlargement as bargaining instruments by outsiders to pressure new members, particularly the Baltic States, on specific issues.

The second obstacle is related to the internal reform process of the EU. The widening and simultaneous deepening Union represents a major challenge for relations between the EU and Russia. This allows us to consider that the real cost of enlargement has not been properly understood in either Russia or the EU.<sup>93</sup> Since 2002 both sides have been engaged in active dialogue on the development of a concept of 'common economic space', but it is facing a lot of impediments when it comes to its implementation. But whatever have been the failings of the European Union, a considerable part of the problem in the EU-Russian relationship should be placed at Russia's doorstep. The central issue here has to do with the domestic reform challenge for Russia, particularly in three areas - security, border regimes, trade and economic relations.

The EU enlargement has created new tensions between the EU and Russia, especially over the future of the Kaliningrad *oblast*. This issue was put on the European and international agenda suddenly and at a surprisingly late point of time. The problem existed throughout the nineties, but the perception of a problem did not. The debate over Kaliningrad has caused the EU and Russia to focus more heavily on the issue of their bilateral relations. Kaliningrad has repeatedly been seen as a 'litmus-test' of current Russian-EU relations. During 2002, the Russian government opposed EU proposals for even a relaxed permission regime for travelling to and from the Kaliningrad exclave on the ground that this would infringe the basic rights of Russian citizens to move freely within their own country, and thereby violate Russian sovereignty itself.<sup>94</sup> The matter was only resolved – for the time being – at the EU-Russia summit in November 2002, when Putin agreed reluctantly to a system of facilitated transit documents (FTD) for Russians, travelling via Lithuania to/from the exclave.<sup>95</sup>

The third obstacle is to do with the prevailing geopolitical mindset in Russia's foreign policy. Notwithstanding the raised profile of economic priorities, most of the big Russian foreign policy issues continue to be security and geopolitics. According to Lo, the pursuit of purely economic priorities gains momentum from the so-called 'conjunctural factors' – political and strategic development.<sup>96</sup> Accordingly, Moscow's heightened interest in relations with the EU is only partially driven by economic considerations: the Putin administration continues to view the EU predominantly through a political prism. It is indicative of this mentality that the main agenda item in the Russia-EU relationship has become visa-free access for residents of Kaliningrad and other Russian citizens transiting Lithuania, rather than an opening opportunity for Russia to benefit economically from the EU enlargement. Putin's tough stance on the Kaliningrad visa issue has often undermined his integrationist policy vis-à-vis Europe. This means that one could not have any illusions that Putin looks at economic priorities and interests in the same way as his Western European counterparts. It is inevitable that Russian thinking still remains influenced by the Soviet past, excluding certain notions that are integral to Western understanding, such as the interdependence between economic growth, democratisation and the development of civil society.<sup>97</sup> Russia acknowledges that she has not resolved the principal question concerning her future



relations with the EU. Moscow is unable to choose between the four possible solutions – ‘membership, the definition of special relations, association by common law, or the establishment of a independent, or competing, pole’.<sup>98</sup>

The fourth considerable obstacle is Russia’s domestic politics. Russia is acquiring the image of an undemocratic country that is unwilling to reform herself efficiently. In respect to the developments of last years, critics expressed concern over Moscow’s handling of the December 2003 parliamentary and March 2004 presidential elections, further limiting media freedoms, ‘selective justice’ towards Yukos and its chairman Mikhail Khodorkovsky, and sweeping corruption. A number of European states and institutions, including the OSCE, renewed their criticism of Russia’s policy in Chechnya, especially after series of terrorist acts in Russia in late summer 2004 culminating in the Beslan tragedy. Chechnya has become the largest source of asylum seekers in Europe.<sup>99</sup> All these factors contributed to the image of Russia as alien to Europe – ‘Europe’s Other’.

Finally, it is the overlapping ‘near abroad’, where the interests of Russia and Europe are clashing. The general denominator of this obstacle is EU enlargement, the outcome of which is the ‘common neighbourhood’. Once EU enlarged, Russia’s ‘near abroad’ - Ukraine, Belarus, Moldova and the three South Caucasus states - became one vast shared neighbourhood. In this ‘common neighbourhood’ there is competition for integration between Russia and the EU. Russia herself now is the Union’s ‘near abroad’.

Russia regards the European Neighbourhood Policy<sup>100</sup> (ENP) as too condescending and too competitive with its own perceived interests in the common neighbourhood.<sup>101</sup> When the EU became active beyond its eastern borders – notably during the 2004 election crisis in Ukraine – Russia expressed her concern. The reality is that Russia may be retrenching only reluctantly, but she is not advancing. In Ukraine, Georgia and Moldova Russia is engaged in rearguard or holding actions. Throughout its neighbourhood, Moscow has attempted little more than to preserve the status quo in the face of Western-oriented change but often to no avail. These countries have not gravitated towards Russia, with the notable exception of Belarus. Many observers expect a growing rivalry between the EU and Russia over Ukraine, the Caucasus countries and Moldova. For the Russians this poses a dilemma. The more pressure they apply on neighbouring countries the more these countries look towards the EU as a political safe haven.

It should be stressed that Europe’s multilateral institutions tend to take a more critical line on Russia than some of their member states.<sup>102</sup> The OSCE was concerned about Russia’s reluctance to implement her 1999 OSCE Istanbul summit obligation to withdraw troops from Georgia and Moldova, as well as Russia’s unilateral move to mediate an ill-considered power-sharing agreement between Moldova and her breakaway republic of Transdnistria, which was effectively vetoed by the OSCE and the EU. In turn, Russia’s resentment towards European politics has been apparent. Putin angrily labelled Western criticism of his Chechnya policy as a double standard that would ultimately weaken Russia by encouraging separatism.<sup>103</sup> Russian political elites have criticised the EU for ignoring Russia’s concerns regarding her residents, who now are required visas to travel to new EU countries and a special permission to travel to



Russia's Kaliningrad exclave. Moreover, in spring 2004, the Duma adopted a resolution protesting against NATO's inclusion of the three Baltic States and especially the Alliance's decision to patrol the Baltic air space along Russian borders. This wide range of mutual concerns indicates not only diverging strategic interests between Russia and Europe but also a widening gap in their worldview.

To sum up, the key obstacles in Russia-EU partnership come primarily from their different value systems. EU concerns relate to a perceived incompatibility between the democratic and human rights principles underpinning the EU and Russia's ambiguous commitment to these values. The war in Chechnya remains Russia's wild card. Solving the Kaliningrad problem is also a test of Russia-EU relations. The pressure on the EU from the Russian side is not so much to emphasise values but more to focus more seriously on selected common interests: political, strategic, security, and economic ones. Russia is not going to subordinate herself to a value system essentially dictated by the European Union.<sup>104</sup> But despite the growing acrimony between Russia and Europe they remain independent in many areas of vital mutual interests and therefore are bound to cooperate. In a broader perspective, success or failure in Russia's rapprochement with Europe will primarily depend on the pace and depth of Russia's political, economic and societal transformation and her policy in the former Soviet space, especially in the 'common neighbourhood'.

### **5.5. Russia between the U.S. and Europe**

Since his advent to power Putin has been described as a euro-centrist. Consequently, it has become commonplace to consider his foreign policy more 'European'. There are two main explanations of his 'euro-centrism'. Firstly, Putin's Euro-centric approach is related to his working experience in Europe: his background as a KGB officer in former East Germany and as a deputy mayor of St. Petersburg with responsibility for the city's relations with the outside world. Secondly, it highlights the importance of closer Russian cooperation with the EU with the aim of enlisting European support for Moscow's positions on strategic international issues.<sup>105</sup> After all, Moscow stressed its strategic relations with Europe, putting a reduced emphasis on the U.S., probably as a response to the Bush administration's initial downplaying Russia. Putin realised that especially after the Kosovo conflict Russia needed to re-establish a functional cooperative relationship with the West, and the only West that was available then was Europe.<sup>106</sup>

In the aftermath of 9/11, things have changed: Moscow has started to emphasise its strategic partnership with both the EU and U.S. On the one hand, orientation to Europe is of great importance for Russian self-identification as a significant Euro-Asian regional power and for overcoming Russia's superpower syndrome.<sup>107</sup> On the other hand, Russia's orientation to the U.S. arguably reflects her shifting priorities shaped by the 'calculus of international power politics' – and this presupposes a fundamentally America-centric approach'.<sup>108</sup> In this respect, several points should be taken into account.



First and foremost, a fundamental question in Russia's Western-centric course has been which West to join. The answer is ambiguous, as dualism is very obvious in Putin's approach: pursuing an essentially post-modern agenda - adaptation to globalisation - he takes traditional means - resurrecting Russia as a great power. Everything that Putin wants for Russia – integration into the world economy, support in the fight against Islamic terrorism (Chechnya) and international status - are entered through a door to which Washington holds the key. What is more, in the purely European context, Moscow is continuing to assume that, when it comes to the difficult decisions, Western Europe tends to follow Washington's lead – even such countries as France or Germany, which are very critical about U.S. policies.

The United States is unquestionably the dominant geopolitical and security player. Beside this, the U.S. is an embodiment of all strategic culture and all the key dimensions of power - political, military, economic and technological. The U.S. is number one external actor in nearly all of Russia's key foreign policy priorities. Even in the economic sphere (albeit Russia has much more trade with Europe) the United States is still the most important economic player in the world. In short, the U.S., as Lo put it, is 'a more complete power'.<sup>109</sup> Thus, the United States rather than Western Europe is much more Russia's geopolitical competitor. This is not to downgrade the importance of Europe for Russia but it means that Russian foreign policy naturally gravitates towards the U.S. even in dealing with Europe. Obviously, Russia takes the EU very seriously as an economic and trading partner but far less seriously as a political or security actor. According to Russia's mindset, the EU does not do security. Europe (or the EU) is a one-dimensional power, while the United States is a multi-dimensional power, 'not just more powerful but powerful in all areas'.<sup>110</sup> Therefore Russia tends to forgive more U.S. than European criticism.

The bottom line is that Moscow is reluctant to accept a diminished, regional role for Russia, as just another important European power; the global approach, including the idea of the U.S. as Russia's primary point of strategic reference, remains overriding.<sup>111</sup> There is also a 'natural confluence' between the continuing primacy of geopolitics in Russian foreign policy and America-centrism.<sup>112</sup> Russia and the U.S. even speak a common neo-realist language, i.e. their mindset is pretty much *realpolitik*.

On the other hand, when shifting towards United States, Russia can be only a special partner of America, but not an equal one. The biggest obstacle for Russian-American relations is a deep power asymmetry. Moscow has never been comfortable with this, but the choice of options has been limited by Russia's weaknesses, both economic and military. When seeing Russia realistically, Putin perfectly realises that in traditional power terms his country could neither challenge nor compete with the U.S. Russia may only hope to become America's smaller partner, a kind of 'senior among the juniors'.<sup>113</sup> Moreover, the U.S. does not need a universal partnership with Russia, except in some spheres, such as terrorism and nuclear disarmament, but in the area of global security Russia can only be an assistant, not a partner. Although U.S.-Russian relations became warmer after 9/11, Russia and America are far from being allies. The Iraq war did show that Russia had not become an indisputable partner of the United States in the antiterrorist coalition, but only as a partner in *ad hoc* coalitions.<sup>114</sup> In short, the two countries 'can best be described as partners' - albeit very unequal ones – 'that share



considerable interests and can help advance each other's national interests'.<sup>115</sup> Therefore 'issue-focused partnerships'<sup>116</sup>, such as international terrorism, would be appropriate labelling of U.S. – Russia relationship.

The second aspect is that the United States is a unitary actor, while the European Union consists of different countries with different sizes, objectives, worldviews, which Russia finds much more difficult to deal with. Thus one could assume that as long as the U.S. remains the sole superpower, Moscow will look at Washington as the first resort. And as long as economic priorities are pursued 'not simply for their own sake, but as instruments for geopolitical power projection', there is little prospect that this attitude will change.<sup>117</sup> Only lack of U.S. reciprocity is likely to push Russia to pursue a practical 'Europe first' policy. On the whole, the extent to which Russian foreign policy can become 'europeanised' and Russia a part of Europe, largely depends, according to Lo, on a strategic choice between two diametrically opposed tendencies – securitization and normalisation. The former entails further Moscow's reliance on, though repackaged, but essentially old ideas and concepts, while the latter changes the paradigm and moves 'beyond the parameters of current Russian foreign policy thinking'.<sup>118</sup>

It should also be stressed that under Putin, Russian foreign policy has made a marked departure from the Primakov doctrine, not least in renouncing any challenge to the dominance of the U.S. and any confrontational stance towards the West over issues such as NATO enlargement. Putin seems to resist playing off the U.S. against 'old' Europe. The essence of Russian foreign policy is to become an acceptable rational partner for any coalition, provided it is useful for Russia. Therefore it would be wrong to interpret Putin's foreign policy priorities purely as zero-sum, whereby an emphasis on, say, Europe unequivocally means reduced interest in the United States, or *vice versa*. What is evident from Putin's rule is that he tries to have them both – to seek Russia's integration with Europe and improve her relations with the United States. This is the essence of Putin's pragmatism, which is in harmony with Putin's state building project and Russia's international image.

Improving mutual trust and developing cooperation with existing institutions, notably NATO and the EU, has been chosen as the most prominent way in avoiding Russia's marginalisation from security decision-making in the European continent. The emergence of the EU as a new security player has presented Russia with a range of opportunities relating both to continuing efforts to strengthen Russia's voice in European security affairs and to Putin's emphasis on a closer partnership with the EU. With all this in mind, Moscow has striven equally to upgrade Russia's relations with Europe, as well as with the United States, having understood that most EU countries would be more inclined to treat Russia as a reliable partner if Russia's relations with the U.S. were stable and constructive.

At the same time, Moscow would also welcome a looser relationship between the United States and 'old' Europe, with Russia in the long-term becoming a more important partner of the major European powers. The possibility of the U.S. stationing her forces in some former Warsaw Pact states makes the development of Russia's ties with 'old' Europe an important counterweight to the U.S. focus on 'new' Europe.



However, Russia is unlikely at present to wish a major rift, as she would be compelled to choose between the two. A stronger Russia, in the long term, is a European power, and therefore has more in common strategically with 'old' Europe than with the United States.<sup>119</sup>

Over the Iraqi crisis Russia's approach was to keep options open on both sides. First, Russia resolutely opposed American intervention, for a number of reasons. Secondly, she did not want to alienate the U.S. too much but equally she did not want to alienate France and Germany. The question for Russia was how to find a more or less middle road. Putin made some tactical mistakes but in general he performed well. What he did do, 'he always had French and Germans in front of him to face the American bullet' so that Moscow's positions would always appear more flexible, more accommodating, particularly his own position.<sup>120</sup> Moscow also benefited due to the fact that U.S. level of expectation was lower for Russia than for France and Germany. And it was Russia that became more flexible on the issue that the U.S. regarded as extremely important.

To sum up, it seems that Russia has been seeking acceptance by Western Europe as much as United States. What she wants to achieve is an equal partnership between the three powers – U.S, EU and Russia. To this end Russia pursues different agendas with different parts of the West – Europe and the U.S. – and tries to gain advantages on both sides. On issues like terrorism and homeland security Russia's policy seems to be closer to the U.S. than to Europe. Meanwhile, with Europe Russia places her emphasis on energy, trade, investment and institutional dialogue. Hard security issues in partnership with the U.S. and soft security dialogue and institution building with Europe – such are the two faces of Putin's Westernisation.

There is a growing feeling that the European Union lays Russia aside, being focused on expansion, and that the large project of the 'common European geo-economic and geo-strategic house' with Russia is postponed indefinitely.<sup>121</sup> It has turned out that Russia still has practically no efficient mechanism of influencing of decision-making in the European Union. Moscow started to understand that despite the intensified dialogue, loud statements on creation of 'common spaces' the matter does not go any further than ordinary rhetoric. Russian leadership appears to regard the U.S. under the Bush administration as a more predictable, pragmatic and beneficial partner.<sup>122</sup> The key point is that the Russia-EU relationship is an 'organic relationship',<sup>123</sup> related to its immediate neighbourhood. Therefore Russia's problems with Europe are more fundamental than those with the U.S.; apparently, it is more difficult to tackle them.

In overall terms, the three key players - Russia, U.S. and Europe - are inclined to cooperate, they can help each other and this may have potential for the future. Being neighbours, Europe and Russia are condemned to have a close relationship. Europe is an entity with which Russia could change the political environment. Meanwhile the U.S. without Russia on board will never shape Europe. How close Moscow's cooperation, whether with Washington or Brussels or both, becomes in the longer term 'depends on fundamental issues of compatibility' between Russia and the leading states of international community.<sup>124</sup> It is not simply a matter of Russian competing effectively on world markets. In order to become an integral part of that community, Russia needs to become a state of pluralist democracy that entirely contradicts Putin's political



agenda. It does not appear that Russia intends to play according to the rules suggested by the West.

## 5.6. Conclusions

Russia has entered the 21<sup>st</sup> century as an autonomous international player – a partner with the West but not an integrated member of Western security institutions such as NATO or the EU. There appeared two troubling trends in Russian-European relations. Firstly, while Russia and Europe drift closer to one another due to mutual economic interests, the two sides' understanding of basic democratic values and rule of law continues to diverge. Secondly, it is obvious that in the wake of the dual enlargement Russia finds it more difficult to defend her interests in Europe, as she has to deal with more cohesive international organizations rather than relatively small separate states. Therefore Russia seems as eager as ever to resort to the old tactics of divide-and-rule: even when Putin meets with the EU as a single entity, he still prefers to do business with the European leaders one-on-one, cutting advantageous bargains with individual EU countries.

The EU enlargement has changed the essential parameters of Kaliningrad's political and economic environment, thus creating a pressing need for rapid in-depth modernisation of the *oblast*. The scenario of 'double periphery' is not acceptable for Russia and equally for the European Union. Hence, mitigation of direct effects of the EU enlargement, as well as overcoming of the socio-economic lagging behind the neighbouring countries, should be an important interest for all regional actors. In other words, in all sensitive issues related to the solution of the 'Kaliningrad puzzle' the co-operative approach should take preference over confrontation. On the part of the *oblast* this requires, first and foremost, its openness for co-operation. Moreover, in order to attract foreign investments of vital importance is the demilitarisation of Kaliningrad and tackling of environmental problems in the region. The *oblast* may become a part of a united Europe even if Russia does not join the EU. Despite visa troubles, the European integration offers - for the first time in history - a chance to make the region a hub of growth and stability. If properly utilised, Kaliningrad will greatly benefit from positive consequences of Poland and Lithuania's membership of the EU.

It is apparent that in many aspects policies inside the Kaliningrad region, and particularly the policies conducted by the Russian Federation, will have a greater impact than the effects of EU enlargement. How economic policies are devised and carried out, and how market economy is established there is of vital importance to the region. Economic prosperity of the *oblast* requires successful projects and financial injections but, most importantly, Russia herself has to decide with regard to the region's specialisation. The final responsibility for Kaliningrad remains with Russia.

The fact that the EU accounts for half of total Russian trade is key to Putin's integrationist agenda with Europe, while Russia's position as a global energy producer affords her a level of international consideration unattainable by more traditional instruments. Russia's immense energy resources are likely to increase her influence in the coming years, as consuming nations seek to secure sources of oil and gas imports.



The increased role of Russia as an incremental, and possibly sustainable, supplier of energy to the Northern hemisphere will put Russia in a stronger position to resist pressure to conform to desired policies of the West. This could potentially thwart U.S. and European efforts to prevent Russia from pursuing policies that endanger the political or economic sovereignty of countries of Eastern and Central Europe, the Caucasus and Central Asia.

Formally, Russian-European security cooperation has been growing during the last several years. On the part of Russia, the main reason for this is not Russia's intention to create an atmosphere of mutual trust and equal partnership with Europe but her new tactics towards a long-term perspective. It is aimed at receiving as much as possible political and economic benefit, strengthening Russia's status in international politics, restoring her image as a strong state, and, simultaneously, retaining her influence and interests in some new NATO countries or even in the entire Central and Eastern European area. The widening gap between Russian and Western political priorities and values is emerging as a constant theme, and is likely to become increasingly problematic for future strategic relationships. In this context, a famous quote of Lord Palmerston that Russia will go as far as lack of Western firmness will allow her sounds absolutely true.<sup>125</sup>

As far as 'wedge-driving' between the United States and Europe is concerned, it has never been completely outdated in Russia's foreign policy; Moscow is certainly trying, albeit not openly, to play Europe against the U.S.<sup>126</sup> The Iraq conflict perfectly illustrates this. Another thing is that Putin seems to perfectly understand that Russia simply does not have the capability to drive an effective wedge: if one is going to drive a wedge one must have the power to do so effectively.<sup>127</sup>

Vladimir Lukin says that Russia, being positioned in the inter-Atlantic space 'between the two Atlantic poles' could take the niche of an 'inter-Atlantic integrator', assuming the 'mission of eliminating the political gaps', and be an active participant or even catalyst of 'concerted tripartite actions' (Russia, the U.S. and the EU).<sup>128</sup> This is also the most effective way of establishing favourable international political conditions for modernising the country and turning it into a 'subject' (as opposed to an 'object') of the world economy of the 21<sup>st</sup> century.<sup>129</sup> This implies that Putin's foreign policy is to be inscribed into a new regime's 'philosophy', which should go beyond the neo-realist view, the core element of which is the idea of building a strong state – functional, viable and sustainable, leading Russia's integration into the world economy. Russia's pro-Western orientation will only become sustainable through much more intensive interactions with key Western multilateral institutions – NATO, the EU and the WTO. Deeper integration, in turn, will require Russia to continue to reform her domestic institutions that underpin market economy and democracy. This is by far the most important component and super-task of state building, based already on a neo-liberal view, a long way for Russia to travel.

A more sensible and moderate approach would be for Moscow to acknowledge that NATO and EU enlargement have prompted a major change in the strategic environment around the CIS that makes it impossible for the U.S. and Europe to avoid involvement in the countries with which Russia shares a common border. Moscow should understand



that Rose Revolution in Georgia and Orange Revolution in Ukraine are not anti-Russian but pro-democracy and pro-stability moves. Russia must either cooperate with new regional actors or find herself further marginalized from key political, economic and security processes in the CIS states. Europe, in turn, has to acknowledge that the FSU area cannot be stabilised without Russia's constructive involvement. All in all, cooling relations between Russia and Europe notwithstanding, they both could not afford to implement new containment policies as they remain interdependent in many areas of vital mutual interests. Russia's economic modernisation project requires closer integration with Western institutions, whilst the current phase of global instability still makes it costly for the West to lose Russia as a partner in energy relations and in counter-terrorist efforts.

<sup>1</sup> Trenin, D., 'A Russia within Europe: Working Towards a New Security Arrangement', in 'Russia's Security Policy & EU-Russian Relations', ESF Working Paper No. 6 (March 2002), p. 2.

<sup>2</sup> The PCA is the legal basis for bilateral relations; it calls for activities and dialogue in key foreign policy areas: political dialogue on issues of common concern; trade and economic cooperation; science and technology and other critical areas as energy, environment, space; justice and home affairs.

<sup>3</sup> The common strategy on Russia, adopted by the EU in Cologne in 1999, was the first such strategy decided under the CFSP in the Amsterdam Treaty. See 'Common Strategy of the European Union on Russia', in *Official Journal of the European Communities* (24 June 1999), L157/1; [http://europa.eu.int/comm/external\\_relations/ceeca/com\\_strat/russia\\_99.pdf](http://europa.eu.int/comm/external_relations/ceeca/com_strat/russia_99.pdf).

<sup>4</sup> When Finland and Sweden acceded to the Union in 1995, the EU acquired Northern Dimension. In 1997, during its presidency of the EU, Finland introduced the concept of Northern Dimension (ND) Initiative. The rationale is to create a forum for co-operation between the EU, Russia and other states in the Baltic Sea region with the aim at enhancing regional security and stability.

<sup>5</sup> 'The Russian Federation Middle Term Strategy Towards the European Union (2000-2010)'; <http://www.eur.ru/neweur/user.php?func=index>.

<sup>6</sup> Huisman, S., 'A New European Union Policy for Kaliningrad', in *Occasional Papers*, No. 33 (The European Union Institute for Security Studies: Paris, March 2002), p. 18.

<sup>7</sup> Borko, Y., 'An expanded European Union: consequences for the relations with Russia', in *EuroFuture* (Summer 2004), p. 21.

<sup>8</sup> Meetings of the Russian President, the head of the member state in presidency and the President of the European Commission.

<sup>9</sup> A series of key agreements have been signed: in science and technology, on transit between Kaliningrad and Russia's other regions, on a multilateral project for nuclear ecological security, and on cooperation between Russia and Europol. See Borko, 'An expanded European Union', p. 22.

<sup>10</sup> 'Wider Europe – New Neighbourhood: A New Framework for Relations with Eastern and Southern Neighbours', Commission Communication, COM (2004), 373 final, Brussels, 12 May 2004.

<sup>11</sup> See the speech of Russian Deputy Foreign Minister V. Chizhov at the conference in Berlin (23 Feb 2004); <http://www.regions.ru/printarticle/news/id/1420467.htm>

<sup>12</sup> 'Poslaniye Federal'nomu Sobraniyu Rossiyskoy Federatsii' (2004).

<sup>13</sup> See *Moskovskiy komsomolets*, *Vremya novostey*, *Vedomosti* (5 Oct 2005).

<sup>14</sup> Lo, 'Russia and the West'.

<sup>15</sup> *Moskovskiy komsomolets*, etc.

<sup>16</sup> *Strategic Survey* (2004), p. 117.

<sup>17</sup> Moscow wants the EU to delay the introduction of higher import tariffs on 'sensitive' Russian goods, to lift restrictions on Russian energy exports, accept higher grain import quotas and ease market access for Russian steel producers. See Buck, T., and Dempsey, J., 'Russia seeks to safeguard its interests after EU expands', in *Financial Times* (2 Feb 2004).

<sup>18</sup> The Western allies at the Potsdam peace conference gave in to Stalin's demand that the region had to become part of the USSR.

<sup>19</sup> Out of population of 950,000 approximately 80% are ethnically Russian. See Nikitin, V., 'Kaliningrad Chance: Realization of the Pilot Region Concept', in *Lithuanian Foreign Policy Review*, 2000/2 (6); <http://www.urm.lt/lfp>.

<sup>20</sup> Such thinking prevailed among the residents of Kaliningrad or officials in Moscow; similar fears surfaced in Lithuania and Poland.

<sup>21</sup> Krickus, R., J., *The Kaliningrad Question* (Lanham, Boulder, New York, Oxford: Rowman & Littlefield Publishers, Inc., 2002), p. 8. The CBSS was established in 1992; its members are the three Baltic States, the five Nordic countries, Germany, Poland and Russia (with Kaliningrad represented in its delegation), and the European Commission.



<sup>22</sup> Huisman, p. 9.

<sup>23</sup> The 11th Guards' Army, equipped with offensive arms such as tanks, artillery, missiles and aircraft, were deployed in Kaliningrad region as well. See Kramer M., 'Kaliningrad Oblast, Russia, and Baltic Security' (Harvard University, Oct 1997); [www.fas.harvard.edu/~ponars/memos.html](http://www.fas.harvard.edu/~ponars/memos.html).

<sup>24</sup> Sergounin A., 'Russia and the European Union: the Case of Kaliningrad' (Nizhny Novgorod Linguistic University, Oct 2000); [www.fas.harvard.edu/~ponars/memos.html](http://www.fas.harvard.edu/~ponars/memos.html).

<sup>25</sup> The headquarters of the Baltic Fleet was (and is) located in the region's deep-sea port Baltiysk, which was transformed into a major naval base.

<sup>26</sup> See [http://www.cabalamat.org/weblog/art\\_513.html](http://www.cabalamat.org/weblog/art_513.html) and Microsoft Encarta Premium Suite 2003.

<sup>27</sup> For instance, the Soviet Baltic Fleet was three times as big as the Russian Baltic Fleet is now and had four times as many personnel. See Gromak, V., 'Death of the Squadron', in *Novye Izvestiya* (9 Jan 2003).

<sup>28</sup> See Molis, A., *Kaliningrad issue in the context of EU enlargement*, Master Thesis (Bremen, 2002), p. 8. See also Kramer.

<sup>29</sup> Among them 11,600 are servicemen of the Ground and Coastal Defence Forces of the Baltic Fleet; the Border Service has 8,000, and the Ministry of Interior – 6,000 servicemen. See *The Military Balance* (Routledge 2006), p. 159.

<sup>30</sup> Main, S., 'Instability in the Baltic Region', in Dick, C., and Aldis, A. (eds.), *Central and Eastern Europe: Problems and Prospects*, The Occasional, No 37 (Bristol: SCSI, 1998), p. 189.

<sup>31</sup> The break-up of the USSR deprived the Baltic Fleet of key bases in Latvia, Lithuania, and Estonia, leaving the region as the fleet's only ice-free access to the Baltic Sea. Similarly, the Soviet Army lost crucial air defence installations in Latvia and Estonia. As a result, the strategic importance of the Kaliningrad region for air defence has sharply increased.

<sup>32</sup> This position was expressed during the visit of the Lithuanian President Valdas Adamkus to Moscow in March 2001. See daily *Lietuvos Rytas* (31 March 2001).

<sup>33</sup> Joenniemi, P., et al., 'Impact Assessment of Lithuania's Integration into the EU on Relations between Lithuania and Kaliningrad Oblast of Russian Federation', in *Lithuanian Foreign Policy Review*, 2000/2 (6); <http://www.urm.lt/lfpr>

<sup>34</sup> Lopata, R., *[kaito anatomija: Kaliningrado jubiliejaus byla* [Anatomy of the Hostage: The Case of the Jubilee of Kaliningrad], (Vilnius: Eugrimas, 2006), p. 150 (in Lithuanian).

<sup>35</sup> This is perceived as increasing the oblast's autonomy and strengthening its institutional basis matching it up to other states of the region. See Joenniemi et al.

<sup>36</sup> Blank, S. J., 'Russia and the Baltics in the Age of NATO Enlargement', in *Parameters*, (Autumn 1998), p. 55.

<sup>37</sup> Baltic News Service (BNS) information, 30 May, 1995.

<sup>38</sup> See *Nezavisimaya Gazeta*, 30 June 1999.

<sup>39</sup> *The Washington Times* (15 Feb 2001). See also Oldberg, I., 'Kaliningrad: Russian Exclave, European Enclave' (Stockholm: Swedish Research Defence Agency, 2001), p. 15

<sup>40</sup> The TENs that go through Kaliningrad are spurs off the main I and IX surrounding routes. See Huisman, p. 35.

<sup>41</sup> The Kaliningrad administration's website: <http://www.government.kaliningrad.ru>.

<sup>42</sup> Brzezinski, Z., and Larrabee, F. S., *US Policy Toward Northeastern Europe*, Report of an Independent Task Force sponsored by the Council of Foreign Relations (1999), p. 41.

<sup>43</sup> In other RF regions, from 30 to 50 % of inhabitants identify themselves with a region. See [www.kaliningrad.ru](http://www.kaliningrad.ru) (6 Feb 2006).

<sup>44</sup> These figures are taken from public enquiry data provided by 'Baltijos tyrimai' [Baltic Investigations], March 2003.

<sup>45</sup> Trenin, *The End of Eurasia*, p. 334.

<sup>46</sup> According to the public enquiry carried out by BNS on 22 May 2001; <http://www.bns.lt>.

<sup>47</sup> BNS information, 19 March 2002; <http://www.delfi.lt/archive/index.php?id=865738>

<sup>48</sup> Oldberg, I. 'Kaliningrad between Moscow and Brussels', Working Paper No. 17 (Zürich: Center for Security Studies and Conflict Research, March 2002), p. 217.

<sup>49</sup> Trenin, D., 'Russia, the EU and the common neighbourhood', in *Essays*, Centre for European Reform (Sept 2005); [www.cer.org.uk](http://www.cer.org.uk).

<sup>50</sup> Borko, Y., 'Russian and the EU: The Kaliningrad Dilemma', in *CEPS Policy Briefs*, No. 15 (March 2002).

<sup>51</sup> 'Kaliningrad: Evromost ili Evrotupik?' [Kaliningrad: Euro-bridge or Euro-impasse?], Discussions, in *Russia in the United Europe (R.U.E)*, Moscow 2002.

<sup>52</sup> Pozdorovkin, V., 'Problems of Basic Subsistence and Development of the Kaliningrad Oblast of the Russian Federation in the Context of the European Union Expansion Eastwards', in *Lithuanian Foreign Policy Review*, 2000/2 (6); <http://www.urm.lt/lfpr>.

<sup>53</sup> Upon Finland's accession to the Schengen space, its volume of trade with Russia increased several times, and the same may be true after Lithuania and Poland become the EU members.

<sup>54</sup> Initiative of Common EU-Russian economic space was adopted in Oct 2001.

<sup>55</sup> Leshukov, I., 'The Window on the West Should Be Right Out Front', in *St Petersburg Times* (19 Nov 2002).



- <sup>56</sup> In 1995 the Kremlin was not satisfied with the results (the region's poor starting position and uncompetitive economy left it increasingly dependent on imports) and ended the *oblast* FEZ status. Kaliningrad's economy was particularly troubled with high inflation rate in the aftermath of the financial crisis in 1998.
- <sup>57</sup> On the overall Kaliningrad is developing three times faster than the mainland Russia. According to N. Smorodinskaya's presentation in roundtable discussions 'Lithuania and Kaliningrad Region'.
- <sup>58</sup> Khlopetskiy, A., and Fedorov, G., *Kaliningradskaya oblast: Region sotrudnichestva* [Kaliningrad Oblast: Region of Cooperation], (Kaliningrad: Yantarnyy skaz, 2000), p. 260.
- <sup>59</sup> Since coming to power, Putin started to 'militarise' Russia's political system by putting loyal to him men from power ministries (e.g. Ministry of Defence, Interior Ministry, Security Services, etc.) to high political positions. See Main, S. J., 'Kaliningrad 2001', S44, Publication of Conflict Studies Research Centre (Sept 2001), p. 9.
- <sup>60</sup> V. Cherkessov, the former FSB director for Kaliningrad, served in the KGB during 1975-1998 and had worked together with Putin in the KGB in St Petersburg (formerly known as Leningrad). See Ibid., p. 12. See also Oldberg, 'Kaliningrad between Moscow and Brussels', p. 56.
- <sup>61</sup> The Kremlin considered three options for the region: first, introduction of direct presidential rule; second, transformation of the *oblast* into an eight Federal District; third, a strengthening a position of the regional governor. The Security Council meeting on Kaliningrad (July 26, 2001) came up with a forth option – the creation of a parallel administration with its headquarters in Moscow. See 'Russian President Putin's Remarks at the Russian Security Council Meeting on 26 July 2001', in *Ministry of Foreign Affairs Daily News Bulletin*; <http://www.mid.ru>. See also Main, 'Kaliningrad 2001', p. 18.
- <sup>62</sup> S. Ginzburg quoted in 'Kaliningrad – Russia in Europe?', in *Rosbalt* (8 Jan 2003).
- <sup>63</sup> 'Putin says Exclave Could Become a Part of Europe', in *Interfax* (26 Jul 2001).
- <sup>64</sup> See 'Federal Target program of Economic and Social Development of the Kaliningrad Region for the Period till 2010', in *Ministry of Foreign Affairs Daily News Bulletin* (25 May 2001); <http://www.mid.ru>.
- <sup>65</sup> Huisman, p. 4, 7, 29.
- <sup>66</sup> 'Boos nameren izmenit' situatsiyu Kaliningrada v luchuyu storonu' [Boss intends to change the situation of Kaliningrad for the better]; [http://www.interfax.ru/r/B/politics/23.html?id\\_issue=11385292](http://www.interfax.ru/r/B/politics/23.html?id_issue=11385292)
- <sup>67</sup> Klebanov: Novaya programa pazvitiya oblasti sdelana pod mini-gosudarstvo [Klebanov: New programme of the development of the region as a mini-state is prepared], (18 Oct 2005); <http://www.kaliningrad.ru/news/economy/k66399.html>.
- <sup>68</sup> Lynch, D., *Russia faces Europe*, Chaillot Papers, No. 60 ( May 2003), p. 19.
- <sup>69</sup> Ivanov, *The New Russian Diplomacy*, p. 96
- <sup>70</sup> Lynch, *Russia faces Europe*, p. 76.
- <sup>71</sup> 'Moskva protiv provedeniya sammita OBSE v etom godu' [Moscow against holding the OSCE summit this year], in *Nezavisimaya Gazeta* (31 March 2001), p. 1 (in Russian).
- <sup>72</sup> Rontoyanni, C., 'So far, so good? Russia and the ESDP', in *International Affairs*, Vol. 78, No. 4 ( 2002), p. 818.
- <sup>73</sup> Website for documents of the October 2000 EU-Russia summit, Paris, 30/10/2001: [http://europa.eu.int/comm/external\\_relations/russia/summit\\_30\\_10\\_00/stat\\_secu\\_en.htm](http://europa.eu.int/comm/external_relations/russia/summit_30_10_00/stat_secu_en.htm).
- <sup>74</sup> European Commission website for documents of the May 2002 Russia-EU summit: [http://www.eur.ru/eng/neweur/user\\_eng.php?func=delspec&id=98](http://www.eur.ru/eng/neweur/user_eng.php?func=delspec&id=98).
- <sup>75</sup> Ibid.
- <sup>76</sup> Barysch, K., *The EU and Russia: strategic partners or squabbling neighbours* (Centre for European Reform, May 2004), p. 38.
- <sup>77</sup> Ibid.
- <sup>78</sup> Danilov D., 'How stable are our priorities', in *Nezavisimaya Gazeta* (11 March 2002).
- <sup>79</sup> Lynch, *Russia faces Europe*, p. 77.
- <sup>80</sup> Monaghan, A., 'Russian Perspectives of Russia-EU Security Relations', in *CSRC Russian Series*, No. 38 (Aug 2005), pp. 5-8.
- <sup>81</sup> Interview with B. Lo.
- <sup>82</sup> Monaghan, p. 8.
- <sup>83</sup> Lomagin, N., 'Forming a New Security Identity in Modern Russia', in Hedenskog, J., et al, (eds.), *Russia as a Great Power: Dimensions of Security under Putin* (London: Routledge, 2005), p. 272
- <sup>84</sup> Danilov, D., 'Russia and European Security', in Lynch, Dov (ed.), *What Russia sees*, Chaillot Papers, No. 74 (January 2005), p. 96.
- <sup>85</sup> Lieven, A., 'The Complicates Choices facing Russia', in Zagorski, A. (ed.), *The New Agenda in the U.S.-Russian relations* (IAIR: Moscow, 2002), p. 165.
- <sup>86</sup> *Strategic Survey* (2004), p. 122.
- <sup>87</sup> Moshes, 'Reaffirming the benefits of Russia's European choice', p. 87.
- <sup>88</sup> Lynch, 'Russia faces Europe', p. 55.
- <sup>89</sup> See Common Strategy of the EU on Russia and The Russia's Middle Term Strategy towards the EU.
- <sup>90</sup> Karaganov, S., 'New Contours of the World Order', in *Russia in Global Affairs*, Vol. 3. No. 4 (Oct-Dec 2005), p. 21.



- <sup>91</sup> The phrase 'strategic partnership' is used in the EU agreement without any single interpretation as applied to Russia clearly being offered. This is supposed to mean different things for each party.
- <sup>92</sup> Lynch, 'Russia faces Europe', p. 18.
- <sup>93</sup> *Strategic Survey* (2001/2002), p. 149.
- <sup>94</sup> Kasyanov, M., 'PM rejects EU visa proposal for Kaliningrad', in *The Russia Journal* (online edition), 27 Sept 2002; <http://www.russiajournal.com/news-article.shtml?nd=27419>.
- <sup>95</sup> 'Joint Statement of the European Union and the Russian Federation on Transit between the Kaliningrad Region and the Rest of the Russian Federation', Brussels, 11 Nov 2002.
- <sup>96</sup> Lo, *Vladimir Putin and the Evolution of Russian Foreign Policy*, p. 70
- <sup>97</sup> Ibid, p.71.
- <sup>98</sup> Vernet, D., 'Russia and US Hegemony', in *Le Monde* (30 July 2003).
- <sup>99</sup> *Strategic Survey* (2004), p. 117.
- <sup>100</sup> In 2003-2004, the EU devised a policy to help Ukraine, Moldova and three South Caucasus countries to become more stable, democratic and prosperous, without offering a prospect of eventual membership.
- <sup>101</sup> Trenin, 'Russia, the EU and the common neighbourhood'.
- <sup>102</sup> *Strategic Survey* (2004), p. 122.
- <sup>103</sup> Ibid., p. 118.
- <sup>104</sup> Interview with B.Lo.
- <sup>105</sup> Lo, 'The Securitization of Russian Foreign Policy', p. 23.
- <sup>106</sup> Interview with B. Lo.
- <sup>107</sup> Kobrinskaya, 'The Multispeed Commonwealth'.
- <sup>108</sup> Lo, 'The Securitization of Russian Foreign Policy', p. 23.
- <sup>109</sup> Interview with B. Lo.
- <sup>110</sup> Ibid.
- <sup>111</sup> This is in accordance with Alexey Pushkov's argument that Russia is not satisfied with becoming 'a classical regional power' like Germany. See Pushkov, A., 'Rossiya v novom miroponyadke: ryadom s zapadom ili sama po sebe?' [Russian in the new world order: together with the West or on its own?], in *Mezhdunarodnaya zhizn*, No. 10 (2000), p. 42.
- <sup>112</sup> Lo, 'The Securitization of Russian Foreign Policy', p. 174.
- <sup>113</sup> Trenin, 'Meeting on the Elbe II'.
- <sup>114</sup> Kobrinskaya, 'The Multispeed Commonwealth'.
- <sup>115</sup> Kuchins, A., C., 'Building a Real US-Russian Partnership', in *The Christian Science Monitor* (20 May 2002).
- <sup>116</sup> Kupchan, C., 'The Russian-American Agenda: Today and Tomorrow', in Zagorski, A. (ed.), *The New Agenda in the U.S.-Russian relations* (IAIR: Moscow, 2002), p. 60.
- <sup>117</sup> Ibid.
- <sup>118</sup> Lo, 'The Securitization of Russian Foreign Policy', p. 25.
- <sup>119</sup> Smith, M. A., *The Russia-USA Relationship*, CSRC Russian Series, 04/12 (May 2004), p. 18.
- <sup>120</sup> Interview with B. Lo.
- <sup>121</sup> Karaganov, 'Premature conclusions'.
- <sup>122</sup> *Strategic Survey* (2004), p. 123.
- <sup>123</sup> Trenin, 'A Russia within Europe', p. 2.
- <sup>124</sup> Pravda, 'Putin's Foreign Policy after 11 September', p. 41.
- <sup>125</sup> Anonymous interview.
- <sup>126</sup> Interview with S. Blank.
- <sup>127</sup> Interview with B. Lo.
- <sup>128</sup> V. Lukin is a former deputy chairman of the State Duma of the Russian Federation. See Lukin, V., 'The Russian Bridge over the Atlantic: How Can We Unite Europe and America?', in *Russia in Global Affairs* (2002); [http://eng.globalisation.ru/live/article.asp?rubric\\_id=1632&id=1642&issue\\_id=1634](http://eng.globalisation.ru/live/article.asp?rubric_id=1632&id=1642&issue_id=1634).
- <sup>129</sup> Ibid.



## CHAPTER 6

### THE RUSSIAN FACTOR IN BALTIC SECURITY

#### 6.1. Introduction: approach to the Baltic security

To understand the lingering concern of the Baltic nations in respect of ensuring their security, one must take into account their turbulent history. The historic destiny of the Baltics was to a large extent determined by their unfortunate geographic location in-between two belligerent nations to the West and to the East – the Germans and the Russians respectively. Since the early 1300s there was hardly a century in which the three Baltic nations were not caught up in a war with either or both of the two neighbours. Only Lithuania experienced a long period of statehood before being swallowed up by the Russian empire at the end of 18<sup>th</sup> century.

In the 20<sup>th</sup> century the Baltic States experienced the whole cycle of the development of small states: liberation from the suppression of the big neighbour Russia after the First World War; independence period between First and Second World Wars; 50 years of occupation (1940-1990) by the Soviet Union and Germany (1941-1944), restoration of independence after the end of the Cold War and democratic development since 1990. The evolution of the Baltic States is related to the stages of development of great powers: their status (dependence or independence) coincided with the phases of strongest collision between great powers - the wars. Due to their geo-strategic position the Baltic countries, as small states, were often victims of the policy of great powers.

Estonia, Latvia and Lithuania, a number of historical and cultural differences between them notwithstanding, are often not differentiated in the context of international relations but treated as a whole – the ‘Baltic States’. Accordingly, the history of the 20<sup>th</sup> century provides some justification for this treatment. They are of a traditional small state nature and sharing common geo-strategic environment. Having (re)established their independence at the same time (1918) upon the collapse of the Tsarist Russian empire, they embarked on similar roads of development. The three nations had relatively a short period of independence, though very important for building their respective national identities. They were forcefully incorporated into the Soviet Union in 1940, occupied by Hitlerite coalition during the Second World War and re-emerged as Soviet republics in 1944. Hundreds of thousands of Estonians, Latvians and Lithuanians fell victim to the Nazi and Soviet occupations. The Soviet regime deprived the Baltics of their political, business and intellectual elites by imprisoning or deporting to labour camps some 90,000 people from Estonia, 200,000 from Latvia and 300,000 from Lithuania. Many of them died from torture, famine or were executed. Tens of thousands of people fled to the Western countries or were repatriated. In the post-war years, Estonia, Latvia and Lithuania put up fierce armed resistance against the occupation.<sup>1</sup>

Inspired by national uprisings in the countries of the Warsaw Pact and seizing the opportunities provided by Gorbachev’s *perestroika*, Estonians, Latvians and



Lithuanians started their own 'singing revolutions' in 1988-1989. The three nations became the first republics of the late USSR to declare their independence in spring 1990. While Gorbachev 'let go' the Warsaw Pact countries, the Soviet elite had clearly different plans with regard to the Baltic sovereignty. The myth of the bloodless break-up of the Soviet Union is not quite accurate – it did cost lives.<sup>2</sup> Western powers were anything but ready for the events unfolding within the USSR. It was one thing to take the Iron Curtain down and dismantle the Berlin Wall, but seeing the Soviet Union tumble altogether was quite another. International recognition of the Baltic States started with Yeltsin's Russia herself. In summer 1991, the three countries signed treaties with the Russian Federation whereby each side recognised the other's international status and established bilateral relations. The failed coup *d'état* in Russia in August 1991 opened the way for further international recognition of the Baltic States. The change of relations between the West and the USSR/Russian Federation, the elimination of suppression, and the new regional security dynamics made a direct impact both on the reviving of the Baltic States and the attempts to establish themselves into international community.

Contemporary foreign and security policies of the Baltic States are essentially similar: they are full-fledged members of Euro-Atlantic structures – NATO and the EU, and they are cautious in their relations with Russia. This is understandable, as, apart from sharing common geo-strategic environment, the three Baltic States have similar limited capabilities, similar concerns and perception of threats. In this sense, the Baltic States represent a 'security complex', defined as 'a set of states whose major security perceptions and concerns are so interlinked that their national security problems cannot reasonably be analysed or resolved apart from one another'.<sup>3</sup> Nonetheless, their interdependence does not imply that the Baltic States actually interact as a regional security system. The relationship between different national security strategies and international strategy (i.e. security regime in the Baltic region) is playing a part. These two components of security policy should be treated as coexisting.

According to the definition of the prominent representative of neo-realist school, Barry Buzan, national strategy attempts to increase strength and to reduce vulnerability, thus, joining alliances would be part of a national strategy. Therefore national security strategies are seen as a 'self-help' approach which, in Buzan's words, 'makes less sense for lesser powers', given their lack of sufficient resources.<sup>4</sup> An international strategy 'focuses on the sources and causes of threats, the purpose being not to block or offset the threats, but to reduce or eliminate them by political action'.<sup>5</sup>

Security concepts establish aims and main guidelines how to achieve these aims. In principle, small states can either opt for an isolationist policy of neutrality, ally with a great power or seek inclusion in larger alliances. In the early 1990s, with sovereignty still fragile, some among the Baltic political elites contemplated returning to the neutrality policy of the interwar period. With Russian troops still on the soil of the Baltic States and the Western countries reluctant to issue any security guarantees not many options were available. Since the mid-1990s, security orientation of the Baltic States has been more or less stable and undisputed; one could even argue that discussions about possible alternatives have been lacking. Whenever security concerns have been discussed during the last decade, a potential Russian threat has figured as a



key concern of Baltic security policies. History figures as a prominent guideline for Baltic security conceptions. The main lessons are seen in preventing a repetition of the mistakes made in 1940.

According to the Knudsen model of relations between great powers and small states, the historical past is a serious obstacle in building mutual trust. The impact of historical experience on the relations between a great power and a small state is identified through the level of distrust in the policy of a small state. Distrust between states changes from conflict (maximal) to abstention to reconciliation (minimal). In the case of the Baltics and Russia, historical past has played a very significant role. Throughout the nineties, a prevailing image of Russia as a potential enemy is explained by three key reasons: Russia's Soviet nostalgia, her unpredictability and desire to retain her status as a superpower.

Despite the end of the Cold War and the significant demilitarisation which occurred in Europe during the 1990s, military threat and risk rhetoric have dominated the Baltic security discourse up to the beginning of the 21<sup>st</sup> century. Russia's assertiveness, as well as the often slow pace of her economic and political reforms, contributed to the persistence of such rhetoric in Baltic policies. This was the main driving factor for the consistent efforts of the Baltic States in their integration with the West, placing priority on NATO membership. It can be stated that the pursuit of NATO membership for the Baltic States has been 'geopolitically and structurally determined'.<sup>6</sup> The perception of Russia as a threat has usually been combined by the use of heavily loaded metaphors such as 'no man's land', 'security vacuum', or 'grey zone', which, in turn, intended to validate the quest for security guarantees from NATO.

For a decade the Baltic States had regarded the security situation in Europe as based on the assumption that the Baltic sub-region is a bridge between East and West, and that they are two mutually opposed entities. In order to eliminate strong power asymmetry in their geopolitical situation, they have sought integration with the West. Due to the primacy of their security concerns, the Baltic States granted priority to NATO membership. Moreover, issues of national sovereignty and distinctiveness, a complete and irreversible breakaway from their Soviet past, as well as any risk of being submerged in a new Russian sphere of influence have, for the Baltics, become the measure and substance of statehood. The intensity of their security preferences and the 'resulting strategic behaviour' are distinctive from that of the remaining CEE countries.<sup>7</sup>

In theoretical terms, Baltic accession strategy was one pertaining to the neo-realist approach. Due to the perceptions of the direct security threat from Russia and in order to enhance their position as independent states, their motives for accession were concerned with relative gains. The Baltic States expected NATO to solve their security dilemma. They further expected the EU integration process to account for absolute gains, based on perceptions of their legitimate power in Europe. The logic of separating military security and general welfare objectives was apparently not in line with the current stage of European integration in which security, identity and integration form one coherent complex. The sustaining factor of the Western European security community (integration itself) was 'different from the "formative" logic of the acceding countries'.<sup>8</sup> The fact that membership implied the overall process of national adaptation, in which



certain conceptual foundations of public policy of the Baltic States had to change, bears evidence to the difference in their assessment of the geopolitical situation in Europe.

The specific security problem of the three Baltic States is that they are caught between the strategy of the West and that of Russia. These strategies are opposing and incompatible: a Western strategy places emphasis on the cooperative security structures of NATO and the EU, whilst a traditional Russian power-based security strategy seeks strategic influence through power projection and intimidation. Using a traditional small state analysis, the Baltic States face two choices: either to adapt to this Russian strategy or seek to disengage from Russia by out-balancing her through alliance with other major states.<sup>9</sup> However, the latter option contradicts the co-operative security strategies of NATO and the EU, the basic argument of which is that all European security arrangements and regimes are to a great extent 'dependent on Russia remaining engaged as a partner'.<sup>10</sup>

From the Western point of view, both in terms of policy making and academic analysis, Baltic security rested on three main premises: first, security in Europe is indivisible; second, there is no military threat; third, the Baltic region is not a security vacuum.<sup>11</sup> The first notion of indivisibility of security implies that security problem of any state in Europe would automatically be regarded by all other European states and institutions as their problem. In other words, a threat to any of the Baltic States would be a common European concern. This assumption obviously is an extrapolation of the collective security concept underlying the collective security system.

The second notion is derived from a widely accepted approach that there is no real military threat against Europe in a short or medium term perspective. Security threats are becoming more of a structural nature, such as economic, political and social disorder, regional conflicts based on ethnic and religious rivalries, proliferation of weapons of mass destruction, and so on. One could argue, however, that this was true when the focus was on an actor threat against the EU and NATO. Was this judgement valid for the Baltic States prior to their joining NATO? On the one hand, Russia remains a major regional military power and, judging from her strategic documents, she is inclined to use her military machine.<sup>12</sup> On the other hand, taking into account that the Baltic States were soon to become full-fledged members of NATO, they could better rely on the Alliance's collective security guarantees rather than on insignificant national military deterrent capabilities of their own.

The third assumption resulted from the fact that the Baltic States had already been incorporated in the very complex European co-operative security architecture. The Baltic security relations took place in a densely institutionalised environment. Many organisations and institutions, overlapping in terms of their goals, are based on the concept of engagement and cooperation between all actors. A number of security frameworks and initiatives were employed for shaping Baltic security, such as PfP, Euro-Atlantic Partnership Council (EAPC), CBSS, Northern European Initiative (NEI)<sup>13</sup>, and so on.

In the beginning of the 21<sup>st</sup> century, especially after the 9/11 terrorist acts, two developments have had a major impact on the geopolitics of the Baltic region: Russia's



rapprochement with NATO and the United States, and the dual enlargement of NATO and the EU. This, in turn, has contributed to the evolution of the meaning of security in the Baltic countries. Baltic political elites have started to expand their security perceptions: threats are located less in the military domain than in the so-called 'soft' security sector which embraces a wide range of political, economic, as well as environmental and societal aspects. However, military security is still identified with national sovereignty. Some part of the Russian political and military elites still harbours intentions to turn the Baltic States into 'their own tool in the Euro-Atlantic institutions or at minimum into a neutral buffer'.<sup>14</sup> The common position of the three states has been that sovereignty can be consolidated only with military-political support from the West. A strong Western European identity and the idea of historical and legal continuity of their nation-states are central elements of the political thinking in all three countries.

This chapter aims to address the evolution of Russo-Baltic relations. It analyses the main changes in perception and politics of the three Baltic States since the restoration of their independence in the early nineties to their full-fledged membership of NATO and the EU and afterwards, and their eventual transformation from factors to actors in regional and international relations.

## **6.2. Russia's geopolitical and strategic studies**

With reference to the Knudsen model, the strategic significance of a small state is identified by the ruling elite of a great power. Knudsen introduces the variable 'great power pressure': strategic actions of a great power aimed at curbing the independence of a small state.<sup>15</sup> In operational terms, the variable 'great power pressure' is perceived as the combined diplomatic and military activity of a great power directed at a smaller neighbour within a given period of time.<sup>16</sup> This part of analysis presents a vivid illustration of how the strategic significance of the Baltic States is reflected in Russia's geopolitical and strategic studies and what policies toward the Baltics are designed.

For the Baltic States, which gained independence after the break-up of the USSR, the direction and nature of Russia's foreign policy became a matter of high importance in their effort to secure and consolidate sovereignty. By the end of 1993, Russia adopted policies aimed at restoring her influence in 'near abroad' in order to preserve the great power status which she had been enjoying for centuries. Labelled as 'neo-imperial' (aimed at restoring the empire under different guise), this posture escalated into security concern of the FSU states.

Russia's military diplomat, General Leonid Ivashov, says that the science of geopolitics 'has flourished in the post-communist period, and this is a natural and objective response to the circumstances'.<sup>17</sup> Although these studies, further discussed in this section, belong to the so-called national-patriotic trend of ideas, they are becoming increasingly relevant among a number of Russian intellectuals, strategists and politicians, and therefore cannot be left without comment. Their common ground is Eurasian orientation and anti-Atlanticist ideas, as well as an intention to form a Russian-German axis for the division of Europe.<sup>18</sup> Another typical feature is the sincere belief of the authors that Russia is still a great power.



One of the most prominent representatives of the Eurasian mindset is Aleksandr Dugin, an intellectual and the leader of party 'Eurasia' (previously - 'Eurasian Movement') in Russia. If for much of the 1990s Dugin was known only as an ideologue of a marginal party (National Bolsheviks) later he became widely read and influential: he managed to become an adviser to a former communist speaker of the State Duma Gennadiy Seleznev. Beside this, Dugin and his 'Eurasian Movement' up to 9/11 were famous supporters of Vladimir Putin, whom Dugin identified as the 'embodiment of the "Eurasian capitalist" model of statist development'.<sup>19</sup> Whether Putin has embraced Dugin's Eurasian ideology remains unclear.

The relevance of Dugin's writings lies in the formulation of the geopolitical doctrine of Eurasian defence against American 'open door' expansionism. His ideology combined 'an anti-Western interpretation of geopolitics with mysticism, Aryanism, conspiracy, authoritarian statism and Eurasianism'.<sup>20</sup> Dugin is in favour of the establishment of a new '*Grossraum*' (an area dominated by the power representing a distinct political idea) in Europe, 'Pax Euroasiatica, opposing Pax Americana', and based on the coalition between Russia and some European powers, such as Germany and France – a new geopolitical continental block<sup>21</sup>. Prior to the dissolution of the USSR there was the bipolar world of two superpowers, and existed two competing 'Great Areas', each with its sphere of influence and ideology: the '*Atlantic Grossraum*' dominated by the United States and the '*Eurasian Grossraum*' dominated by the Soviet Union. The end of the bipolar world and the emergence of the uni-polar New World Order, proclaimed by President Bush, 'is a blow to Eurasia, a blow to continentalism and to the future of all Eurasian countries'.<sup>22</sup>

Dugin's book *Osnovy Geopolitiki* [The Basics of Geopolitics] advocates the rebirth of the Soviet Union and the creation of a continental block of anti-American Eurasian states that would remove U.S. influence from the Eurasian landmass.<sup>23</sup> In his view, the U.S. has the intent to dominate globally and could assert control over the heartland by controlling a buffer zone or a huge '*cordon sanitaire*'. Therefore the main task for Russia is to prevent this from happening. The '*cordon sanitaire*' consisted of the Baltic States, Poland, Belarus, Ukraine, Hungary, Romania, the Czech Republic and Slovakia.<sup>24</sup> In Dugin's study, paramount significance is attached to the Baltic States due to their strategically important location. In his view, the best outcome for Russia would be the creation of a strategic block of Baltic Sea States, comprising Norway, Sweden, Germany, Finland-Karelia, Denmark and Holland. Poland, Lithuania and Latvia would be given special status.<sup>25</sup> Lithuania's situation is very specific here, as she is the northernmost fragment of the catholic world, separating the Russian space from the northern part of Central Europe.<sup>26</sup> Lithuania, as Dugin put it, has always played a dual role in the geopolitics of CEE: with respect to Russia, she was a carrier of Western culture whilst in respect to Central Europe, on the opposite, Lithuania, together with Poland, manifested herself as an Eastern power, defending the independence of Balts - Eastern Slavs - against German influence.<sup>27</sup>

Dugin's ideas are interestingly reflected in Aleksey Mitrofanov's report 'Anti-NATO: The New Idea of the Russian Geopolitical Tactics and Strategy at the Present'.<sup>28</sup> In his view, the contemporary world is in a very important stage of its new re-division. Russia



is being isolated from Europe, and along Russia's perimeter a 'zone *sanitaire*', consisting of Russia-unfriendly states, integrated into a system of U.S. and her allies' blocks, is being formed. Mitrofanov suggests a radical change of course – to officially declare that NATO is an antagonist organisation to Russia and denounce all border agreements.<sup>29</sup>

In 1995-1996, two important Russian security studies were conducted on the Baltics and Ukraine: one appeared relatively moderate; another definitely was not. The first, published under the provocative title 'Vozrodit'sya li soyuz? Budushchee postsovietskovo prostranstva'<sup>30</sup> [Will the Union Be Reborn? The Future of the Post-Soviet Space], was sponsored by the prestigious Council on Foreign and Defence Policy in Moscow under chairmanship of a leading Russian analyst of the realist school, Sergey Karaganov, then one of Yeltsin's advisors. The second called an 'alternative national security doctrine'<sup>31</sup> by one of its main authors, Anton Surikov, and was published only in excerpts in the Russian press.<sup>32</sup> The Surikov report calls for 'stationing nuclear weapons in Belarus, putting troops in the Baltics if they try to join NATO'.<sup>33</sup> However, the Karaganov study, albeit of much more reserved wording, in its essentials confirms rather than denies Surikov's thesis. For instance, among Russia's vitally important interests – those the state must be ready to use all means, including force to defend, is 'preventing the formation of coalitions hostile to Russia, including those in response to Russian actions in the former USSR'.<sup>34</sup> To put it plainly, there was an implication that this would amount to military action against the Baltic States if they joined NATO. The Karaganov report also postulated that 'the resurrection of the [Soviet] union in the shape of a confederation is reasonably realistic'. At the same time, Karaganov was not very hopeful about reabsorbing the Baltic States: 'Latvia – [reintegration] improbable, but not completely impossible', 'Estonia and Lithuania - [reintegration] almost excluded (*pochti isklyucheno*)'.<sup>35</sup>

### 6.3. What makes the Baltic region important for Russia?

The Baltic lands have always been a zone of interaction – either in peaceful or confrontational form – between Russia and the external world. For a number of historic and geopolitical reasons Russia's perceptions of the Baltic Sea have always been influenced by security considerations. Since the times of Kievan Russia (9th century), when Lord Novgorod the Great gained a limited opening to the Baltic Sea (around today's St. Petersburg), to the present Russia has been concerned with strengthening her positions in this area and preventing the rise of hostile powers. It should be remembered that from the late 18<sup>th</sup> century onwards the Baltic States had been part of the Russian empire. In the 18th century the Baltic region began to function as a literal and metaphorical 'window to the West' for a Russian imperial elite dominated by Peter the Great. This helped Russia to acquire a status of a great power and increase her influence in Europe. In the 20th century, the Baltic region has been used as one of the main axes of attack against the Russian Empire/Soviet Union in the two World Wars. Consequently, Russia retained her perception of the Baltic Sea rim space as a frontline against Western expansion. Moscow's diplomacy, military doctrines and armed forces' posture in the area were subordinated to the objectives of global confrontation with the West. With the collapse of the USSR and the disappearance of the most dangerous



threats from the West, Russian policy makers suddenly realised that Russia is neither geopolitically nor militarily able to dominate the Baltic area any longer.<sup>36</sup> The independence of the Baltic States meant not only the loss of 'window to the West' but a great deal more – the removal of one of her features as a superpower.

It is difficult to define the place for the Baltic States in Russia's foreign policy concept: the Baltics do not fit in a traditional doctrine of 'near abroad', nor they correspond to the postulates of policy of 'far-abroad'.<sup>37</sup> Nonetheless, geopolitical pressure, originating from the doctrine of 'near-abroad' was applied against the Baltic countries. For the Russian part, it manifested through accentuating legitimate freedom of actions in the Baltic region, as well as attributing this region to the vital sphere of Russia's interests or assessing actions of the West in the Baltics in terms of geopolitical interests.

Professor Alexander Sergounin argues that there are at least four dimensions which make the Baltic region important for Russia: geopolitical-strategic, political, economic, and humanitarian.<sup>38</sup> In geopolitical and strategic terms, there have been major changes. With the collapse of the USSR, Russia's access to the Baltic Sea area was significantly reduced to the small areas around Kaliningrad and St. Petersburg. Russia lost approximately two thirds of the former Soviet Baltic coastline. The total length of the outer boundary of the country's territorial waters is now only just over 200 km. Moreover, Moscow lost its strategic allies from the adjacent regions. The feeling of increasing isolation from Europe was added by expanding the 'buffer zone' between Russia and Central and Western Europe as a result of secession of Belarus, Moldova and Ukraine in 1991, which made Russia's access to the Western European countries more difficult than in the recent past. Above all, geopolitical importance of the Baltics was related to the retaining of Russia's influence in the region. In line with zero-sum mentality, the increase of Western influence equals the decrease of Russia's control.

Paradoxically, the same 'geopolitical catastrophe' which reduced Russia's influence in the Baltic Sea rim made the latter rather attractive for Moscow in terms of economic cooperation with Europe. Russia's CIS partners were less preferable than the Visegrad countries and the Baltic States: the latter were ahead of other post-Soviet countries in conducting reforms; they were economically viable and potentially welcome to the European 'club'. The region is also an important transport junction by sea, land and air. As a result of Russia's loss of her main ports on the Baltic Sea – Klaipėda, Riga, Tallinn and Ventspils – which formerly connected Russia with the West, the role of the Kaliningrad and St. Petersburg harbours has become crucial. On the Baltic Sea, as much as 56 percent of the former Soviet harbour capacity reverted to the control of the newly independent states.<sup>39</sup> Finally, the new geopolitical situation has posed not only economic but also political, military and even psychological challenges to Russia. The Kaliningrad problem exemplifies such a combination of different factors.

Politically, the Baltic region is equally important for Russia. Moscow's approach to the three Baltic States and the other countries of the region is different. The Baltic countries are vital if Moscow is to keep its influence in the region under the guise of protecting the Russian speaking minorities. Beside this, Russia has also wanted to demonstrate that she was a major player in this part of Europe, a player which is able, for instance, to regulate the pace and scope of Baltic accession to Euro-Atlantic institutions.



Economically, Moscow views the Baltic Sea countries as promising trading partners, a possible source of investment and know-how, as well as training assistance. Being geographically closer than other Western countries, the Baltic Sea countries may serve as contributors to the development of regions adjacent to them: Kaliningrad, St. Petersburg or Kola Peninsula. With regard to the Baltic States, Russia expects them to be a promising market for Russian industrial goods and hopes to retain them dependent on Russia's natural resources.<sup>40</sup> With regard to humanitarian and cultural issues the most acute is the rights of the Russian *diaspora* in the three Baltic States. This is important in relation to both foreign policy and domestic policy.

#### **6.4. Russo-Baltic relations in early 1990s: troubled neighbourliness**

In 1988-1990, even before the declaration of independence, the Baltic republics tried to define their identities and dependence in respect of the West-East axis. Westward orientation was acknowledged as a paramount strategic goal. Its implementation was connected with the following directions of domestic, foreign and security policies of the Baltic States: social-political integrity of the state; escape from the post-Soviet zone; adoption of an active actor approach in international relations; search for regional identification.<sup>41</sup> All these directions were closely related. Nevertheless, their overall expression has been reintegration (return) to Europe, perceived as accession into Euro-Atlantic security community characterised by the 'development of transaction flows, shared understanding and traditional values'.<sup>42</sup>

In 1989-1991, against the background of degradation and the resultant deep crisis in the Soviet Union, the struggle for political democratic reforms and independence increasingly gained expression in Russia. This new emerging Russia was eager to establish her relations with the independent Baltic republics. The Baltic States base their relations with Russia on the treaties of inter-state relations concluded in 1991 between Russia and Estonia, Latvia, and Lithuania. These treaties declare full recognition of the restored independence of the Baltic States, condemn the 1940 Soviet annexation of Estonia, Latvia and Lithuania, and emphasise the importance of adherence to the norms enshrined in the instruments of the Conference on Security and Cooperation in Europe (CSCE, currently the Organisation for Security and Cooperation in Europe - OSCE), including commitments to the principles that every state has the inherent right to freely choose or change its security alignments.

Throughout the 1990s, analysts have identified the key issues that purported to 'the main dynamics with a Russian 'Baltic policy''.<sup>43</sup> They have argued that there are three periods characterised by the dominance of different issues and policies. The first (1991-1994) was primarily concerned about dealing with the legacy of the collapse of the USSR. The second period (1995-mid-1997) was largely dominated by Russia's reaction to the prospect that the Baltic States would integrate rapidly into the Euro-Atlantic structures, first of all NATO. From the start of the third period in 1997, there emerged the tendency of 'a new Russian strategy of counter-engagement' – the combination of hard and soft security strategies to balance Western initiatives in the region.<sup>44</sup>



Prior to the break-up of the Soviet Union, in opposition to the Soviet centre, the Russian Federation, presenting herself as a sovereign state, started negotiations with the independent Baltic republics on the principles of inter-state relations. Talks with Estonia and Latvia were concluded in January 1991, and in July with Lithuania herself. Russia accepted that the troops stationed in the Baltic States had to be withdrawn, and that a solution to the Baltic problem had to be found at an international level. The culmination of Russo-Baltic friendly relations was on 20 September 1991, when, amidst the power struggle in Moscow, Yeltsin announced recognition of the Baltic States.

It is important to recall that from the very beginning of his career as a Russian leader, Yeltsin's policy toward the Baltic States differed from that of Gorbachev. With the *Atlanticists* occupying key positions in his entourage, Yeltsin chose a co-operative strategy. In 1991-1992, the Russian President played down the importance of military force in safeguarding the security of Russia in Northern and Eastern Europe. He and his Foreign Minister Andrey Kozyrev argued that international cooperation and non-military power instruments were important elements in guaranteeing security for the country and its international status.<sup>45</sup> Moscow's new co-operative strategy in the Baltic area was aimed at expanding relations with the countries of the region, as indicated by Russia becoming a member of the CBSS when it was established in 1992.

However, an unfavourable geopolitical situation after the collapse of the USSR, as well as international and domestic developments, caused a crisis in the *Atlanticist* school of thought, stimulating its shift to traditional strategic concepts. They claimed that the West was not really responsive to Russia's demands for substantial economic assistance, her participation in European economic and political-military institutions, and ignored Moscow's position toward critical security matters, e.g. pace and condition of Soviet military withdrawal from the Baltic countries, national minority rights, and so on.

The decline of the *Atlanticists* was followed by the rise of the *Derzhavniki* – proponents of strong power.<sup>46</sup> This was a powerful centrist alliance, uniting three major political forces – the industrial lobby, federal military and civilian bureaucracy, and moderate Democrats.<sup>47</sup> Karaganov was one of the most prominent ideologists of this school of thought. The *Derzhavniki* were influential not only in the theoretical debate; they were able to exert a political pressure upon the Yeltsin government. They criticized Kozyrev's policy of ignoring violations of minority rights in the Baltic States as 'amoral' and 'short-sighted', since it is Russia's duty and mission to defend the rights of all ex-compatriots.<sup>48</sup> At the same time, Russia's assertive policy in the 'near abroad' should not mean open imperialist policy. The *Derzhavniki* realised that any attempt to forcibly re-establish the Soviet Union (or the Russian Empire) would overstrain Moscow itself and lead to international isolation.<sup>49</sup>

These developments had a direct negative impact on Russo-Baltic security relations. Despite the friendly rhetoric, Moscow did not give up a geopolitical leadership role in the Baltic region. Instead, Moscow proclaimed itself a guarantor and protector of security in the entire post-Soviet space. It was in relation to the 'near abroad' that the Russian leadership started to define its 'strategic interests' and to speak of 'spheres of influence'. Apart from this, the Kozyrev Doctrine, which became a symbol of the *Derzhavniki* foreign policy concept<sup>50</sup>, stated that the vital strategic issue for Russian



diplomacy was the defence of Russian minority rights in the 'near abroad'.<sup>51</sup> Above all, the concept of 'enlightened post-imperialism' was adopted as a guideline for Russian policy in the post-Soviet space.<sup>52</sup> For obvious reasons the Baltics made clear that they would not follow Russia in their foreign policy orientations. A majority of the Baltic political elites and the public at large transformed their negative attitudes toward the Soviet Union to anti-Russian sentiment. The Baltic countries were inclined to view post-Soviet Russian intentions through the prism of the past.

Thus, in theoretical terms, the neo-realist perception of Russia was dominant in the Baltics in the first half of the 1990s. Extending the 'democratic peace' argument to Russia, it was assumed that Russia represented a potential danger to peace due to her shaky democratic credentials. From a liberal perspective, the main obstacle to cooperation with Russia was seen in the 'lack of shared values and opposing national interests'.<sup>53</sup>

As the Russian Federation became the legal successor state to the USSR, the majority of the issues which dominated Russo-Baltic relations were integrally linked to the legacy of fifty years of sovietization. This was particularly true regarding three key contentious points that characterised inter-state relations in this period: Soviet troop withdrawal, the rights of the Russian minority in the Baltic States, and the absence of agreement on border delineation. To make matters worse, at the same time the Russian Federation was facing a challenge to create a new non-Soviet foreign policy whilst simultaneously adapting Soviet institutions and decision-making practices to the realities of the post-Cold War international environment. The difficulties faced by the Baltic States were arguably more challenging. Albeit having restored their independence, the Baltic countries had not pursued for fifty years an independent foreign and security policy and lacked the institutions, personnel and expertise to bridge this shortfall easily.

It is worthwhile noting that the civil rights of the Russian minorities in the Baltic States and border disputes represented the two lasting issues of contention, which became a driving dynamic in Russia's Baltic policy. Russia played this card very successfully for more than a decade, starting from Soviet troop withdrawal in the early 1990s to the Baltic accession of the Euro-Atlantic structures and even afterwards. The withdrawal of the former Soviet military and their replacement by national armies featured high on the Baltic agenda. The CSCE, the UN General Assembly, as well as Western pressure, supported the Baltic quest for troop withdrawal – the issue had been internationalised. The CSCE also played a crucial role in monitoring Russian troop withdrawal.

In the early nineties Russia faced a huge strategic task – to ensure stability and security of her borders, i.e. the borders with the former Soviet countries. Russia feared that newly established states might become points of conflicts or wars. In this sense, ensuring security in the Baltic States, as part of a buffer zone surrounding Russia, was of great importance to Moscow. At the same time, it was an opportunity for Russia to retain her influence in the region and find her place in a new international environment. To this end, Russia put geo-strategic pressure on the Baltics, which was the most obvious during the process of negotiation on troop withdrawal. This pressure manifested in three areas: ensuring of stability, seeking guarantees with regard to the rights of Russian-speakers in the Baltic States and negative consequences of Russia's



strategic retreat. The latter meant that Russia lost access to her former strategic military bases, she needed to re-deploy her forces in the St. Petersburg (formerly Leningrad) Military District in compliance with the restrictions of the Treaty on Conventional Forces in Europe (CFE) and had difficulties related to the military transit to Kaliningrad region. In short, troop withdrawal for Russia was her retreat from strategically important points, which caused many problems, bringing not only economic but also social costs.

The speed and the manner of military withdrawal became linked to the thorny issue of rights of Russian-speakers, including a large number of retired Soviet military pensioners. Before the Second World War, the three Baltic States were relatively homogeneous in terms of the ethnic structure.<sup>54</sup> During and after the Second World War, the Baltic States lost approximately a quarter of their population (Estonia lost some 200,000 inhabitants, Latvia – 500,000, Lithuania – 1,000,000)<sup>55</sup>. These losses opened the way for massive voluntary and forced migration of Eastern Slavs (primarily Russians, Ukrainians and Belarussians) into the Baltic States, which continued throughout the Soviet era. The ethnic population in Estonia fell from 94 percent prior to 1940s to 61.5 percent by early 1990s, in Latvia from 77 percent to 52 percent, while in Lithuania from 84 to 80 percent respectively. While Lithuania also received sizeable numbers of migrants, repatriation of some 200,000 Poles from Vilnius and rather rapid natural growth rate allowed Lithuanians to retain a rather significant majority in their own country.<sup>56</sup>

Largely due to the reason that Lithuania adopted the ‘zero option’<sup>57</sup> of citizenship legislation, which satisfied Russia, Moscow and Vilnius reached an agreement on withdrawing residual forces relatively quickly.<sup>58</sup> Russia completed withdrawal of all the military formations of the former Soviet Army from Lithuania on 1 September 1993, the year before they left Latvia and Estonia, or Germany. Estonia and Latvia were in great deal worse position. With much higher proportions of ethnic Russians in native populations they have chosen ‘1940 option’. Such legislation granted citizenship to those who were Baltic citizens before the occupation, and to their descendents, but insisted that for those Russians who arrived during the Soviet period, residency and language requirements had to be fulfilled before citizenship would be granted.<sup>59</sup> Given that the overwhelming majority of Russian-speakers had migrated during the Soviet time, these two states were accused of implementing ‘ethno-nationalist post-Soviet state-building projects’.<sup>60</sup> The regulation of the citizenship issue for Russians in the Baltic States – under the mediating influence of the OSCE missions in Latvia and Estonia – has defused the minority question, particularly with regard to retired Russian servicemen.

Although troop withdrawal was agreed in principle for Latvia and Estonia too, Yeltsin justified the postponement of this process by claiming discrimination against local Russians in these two countries. The tactic of linkage between Russian military presence and the status of Russian-speaking non-citizens clearly interfered in the sovereign affairs of the Baltic States and exacerbated inter-state tensions. This was one of the forms of geo-strategic pressure on the Baltics. The occasional playing national minorities ‘card’, combined with a lack of real interest in the resolution of the problem, was continued. Overall, a pattern of Russian behaviour emerged in the course of troop



withdrawal – ‘differential treatment’.<sup>61</sup> Moscow used to employ tactics to ‘divide and rule’ among the three countries; Lithuania was usually treated as a ‘good guy’, mainly because of her more favourable demographic situation. But she also had difficulties with Russia over the Kaliningrad transit arrangement (see chapter 7).

It should be noted that troop withdrawal from the Baltic States occurred in the period when Russia enjoyed good relations with the United States. This is well in line with the Knudsen hypothesis, stating that small states may enjoy more freedom of action and suffer less pressure from a big neighbour, provided there is low degree of tension between great powers. Being preoccupied with her strategic partnership with the United States, Russia was very interested in maintaining a low level of tension with the U.S. In reality, for Russia the greatest benefit from this partnership was U.S. economic, political and military (solution of the problems related to nuclear weapons in the CIS countries) assistance. What is more, it helped Russia not to feel as if she was the complete loser of the Cold War. Such status of relations with her former rival perfectly suited Russia’s interests: to stabilise situation after the collapse of the USSR, to take part in the creation of a new international order and to regain strength – first of all, to become stronger economically. In this context, the withdrawal of Russian forces from the Baltics was a real litmus test of sustainability of this partnership. Further development of Russia’s relations with the United States depended on its outcome and demonstrated the reliability of Russia’s new policy: whether Russia was to remain an occupation power, or she was able to fulfil the commitments.

Apart from the minority issue, Russia had border disputes with Estonia and Latvia.<sup>62</sup> The two Baltic countries requested the recognition of the post-First World War borders, based on the original Peace Treaties of Tartu and Riga in 1920, whereas Russia stuck to the borders of the former Soviet republics. This revealed a subtler series of interconnected political issues: Russia’s unwillingness to recognise that the Baltic States were illegally occupied (although this was already done even in Gorbachev’s time in 1989), a desire of the Baltic countries to internationalise inter-state disputes, and Russia’s refusal to address the Baltic States as equal partners. Given the lack of any real political support from other European countries behind the attempt to redraw the boundaries in Europe, in 1995 Estonia began to give in over the border issue, and Latvia followed her. Moreover, NATO and the European Union decided that countries wanting to join these organisations must not have unsettled territorial problems. Since membership of these organisations was the most important objective for Estonia and Latvia, they wanted to solve the border issues quickly, to demarcate the borders and to impose strict border control. But despite the fact that the bilateral Russian-Estonian and Russian-Latvian border treaties were prepared and agreed in 1996 and 1997 correspondingly, they were not signed; Moscow wanted the territorial disputes in the region to keep a low profile to settle them later through bilateral channels. After all, Russia considered this issue to be a powerful tool against the Baltic membership of NATO. Lithuania was the most fortunate of the Baltic countries. But although the border treaty<sup>63</sup> between Lithuania and the Russian Federation was signed in 1997, the Russian Duma delayed its ratification until the autumn of 2003, i.e. when the leverage on Lithuania’s NATO integration was lost.



On the grounds of these developments, it is possible to say that, according to Knudsen, legal 'de-occupation' of the Baltics by the mid-nineties was well underway. The legacy of the Cold War was gradually eliminated in the Baltic region; by 1994 mechanisms and frameworks had been set in place, which aimed to ensure peaceful and negotiated resolutions to these most contentious problems. First of all, the Russian Federation officially recognised the independence of the Baltic countries. Furthermore, although the border issues were not resolved, progress was made in other aspects of inter-state relations: Soviet troops had been largely withdrawn from all three Baltic States by September 1994, and the Russian minority issue was internationalised with the introduction of OSCE missions to Latvia and Estonia. On the whole, up to the mid-1990s Russian policy towards the Baltic States was reactive, receiving its direction and drive from external influences, particularly the Euro-Atlantic response to the strategic reorientation of the Baltic States themselves. Moreover, Moscow's policy toward the Baltic States increasingly became a hostage to the domestic political debate.

### **6.5. Security cooperation *versus* security confrontation**

Russo-Baltic relations, as Nikolay Sokov, Senior Research Associate of Monterey Institute of International Relations, put it, were almost 'unique in displaying the new, emerging features of Russian foreign policy' with the aim of adjusting it toward new realities of the international system.<sup>64</sup> The main feature of this new policy was the separation of issue areas, meaning in particular that economic relations develop almost independently from other aspects of Russo-Baltic relations (military, political, ethnic and territorial).

For quite a long time in the 1990s Russia was convinced that she did not really need a policy towards the Baltics. Russia thought that everything would be determined through Russia's relations with the great Western powers. The problem was that in no way did Russia want to accept small states as equal partners; this was reflected in Russia's official policy in 1997 towards the Baltic States. However, by 1998 Russia had constructed a viable policy towards the Baltic countries, when soft security strategies were placed firmly upon the inter-state agenda.<sup>65</sup> Sokov argues that the ability to put issue areas in different compartments is 'the first condition of stability and integration into international community': conflicts are inevitable but they do not have to engulf the whole scope of relations.<sup>66</sup>

In the mid-nineties, within the Russian business community there were two main lobbies interested in the maintenance of good relations with the Baltic Sea countries: the gas-oil lobby and businessmen specialising in export-import operations. The former was a key supplier of energy to the Baltic States and Kaliningrad. It opposed economic sanctions against the Baltic countries and pressed the Russian government to normalise its political and economic relations with them.<sup>67</sup> Thus, while in general relations between Russia and the three Baltic States remained tense, the maintenance of a significant level of economic interdependence ensured that conflicting issues would take place within a broader range of economic and political links which provided an imperative for cooperation. Indeed, Moscow seemed to calculate that if good relations could be developed with the Baltic States, then their eventual membership in the EU



would serve to give Russia an economic foothold in Europe.<sup>68</sup> In this regard the Baltic countries had the capacity to act as a 'gateway region' in facilitating the development of economic relations between Russia and the West.<sup>69</sup> These calculations may help to explain why Russia's response to the Baltic States' efforts to develop links with Western institutions other than NATO have been so positive. What is more, Russia herself sought an interim trade agreement with the EU and applied for membership of the Council of Europe. Postponed by the EU because of Russia's brutal behaviour in Chechnya, the trade agreement was finally signed in Brussels in July 1995 by Kozyrev and his fifteen EU counterparts. Russia's application for membership in the Council of Europe, presented in 1992 (but supposed to be deferred until the end of the Chechen operation), in fact was accepted in January 1996, prior to the termination of Russia's war in Chechnya. To reflect new realities, from 1995 onwards there appeared several studies on changing Russia's view toward cooperation with the Baltics.

#### *6.5.1. New Baltic policy in Russia's political studies*

A study called *Russia and NATO*, prepared in 1995 by the CFDP - an advisory group headed by Karaganov has played an important role in conceptualising the external policy of Russia in mid-1990s.<sup>70</sup> The authors conclude that Russia has twofold interests towards the Western world: partnership with the West is necessary from the economic point of view, but NATO enlargement may have negative consequences for Russia. Not so much the geo-strategic aspect of NATO expansion is emphasised, but its psychological impact on Russia's internal policy. The analysis revealed the broad Russian consensus against NATO expansion but warned against Soviet-style rhetoric of confrontation that would endanger Russia's national interests in all aspects. The study assumed that in the context of NATO enlargement Ukraine and the Baltic States would become zones of particularly acute competition, having the potential to produce international crises. Seeking to avoid this, it is essential for Russia to resort to preventive diplomacy. To this end, more active cooperation with the Baltic countries is of critical importance. Simply put, the paper recommends not to oppose Baltic membership of NATO by extreme means and sanctions, but to use more 'constructive engagement': less noticeable political, cultural, economic and other levers. According to this study, Russia had to initiate rapprochement with the Baltic countries with a view of establishing good neighbourly relations, given that the Baltic States would successfully solve national minority issues and would not join political-military blocks. What is more, Russia was concerned with the prosperity of the Baltic States and supported their aspirations to join the EU.<sup>71</sup> This was one of the manifestations of Russia's geopolitical pressure on the Baltics: Moscow used to emphasise Baltic membership of the EU as an alternative to expansion of NATO.

Another CFDP study *Russia and Baltic Countries*<sup>72</sup> and Dmitry Trenin's *Baltiyskiy Shans*<sup>73</sup> [The Baltic Chance] clearly revealed an emerging new Russia's Baltic policy. Both papers stressed that despite the existing good neighbourly relations between Russia and the Baltic countries, the instinctive Russian wish to play a leading role in the post-Soviet environment, as well as the inherent inclination of the Baltic States to move away from Russia, remained. According to the CFDP study, the fact that the Baltic States saw their security guarantees only in the West and rejected those proposed by Russia contradicted reality, since only a friendly Moscow was able to provide real



security assurances<sup>74</sup>. To avoid a direct conflict with Russia, the West was gradually implementing the policy of pushing Russia out of the Baltic States and taking them in its sphere of influence. Both papers concluded that the principal Russian policy goal was to 'soothe' the Baltic States. It was necessary to act quietly, promoting mutual cooperation, shelving discussions about NATO, but if the Baltic States started to increase their efforts to join the Alliance, Russia's reaction must be firm.

The year 1997 was a major breakthrough in Russia's Baltic policy. The ground for it was laid by two key developments. First, the NATO-Russia Founding Act signed in Paris on 28 May 1997 and the decisions adopted by the Madrid summit seemed to generally satisfy the Russian political elite. Moscow was particularly delighted with NATO's decision to limit the first round of enlargement to the three Visegrad countries only and delay the admission of the Baltic States to NATO for an indefinite future. Second factor was related to the business lobby, particularly the rising role of Financial Industrial Groups in shaping Russia's foreign and economic policy following the 1996 privatisation programme of strategic economic assets.<sup>75</sup> The following two studies are very enlightening in this respect.

The central message of *Baltiyskiy Shans* was the need to change angle when looking at the relations between the Baltic States and Russia. The paper proposed a new method: to focus on the opportunities that exist and thus try to turn the situation around. In this view, Russia's policy towards the Baltics should be given a more balanced and less impulsive character: positive stimulation of the Baltic States would bring better results rather than trying to penalise them for their 'disloyal' behaviour. Trenin argued that the opportunities - chiefly, but not exclusively, in the economic domain - were wide enough to ensure a win-win outcome for all those involved.<sup>76</sup> Of key importance was EU enlargement to include the Baltic States. Trenin held a strong belief that post-Soviet Russia, while going through a painful and difficult process of adapting to the new international environment, was gravitating towards Europe. There was no model in sight for the future relationship between Russia and the rest of Europe, and the Baltic Sea area appeared to offer a unique opportunity to develop a scaled-down version of such a model. Displaying a pragmatic approach, the study presented a set of recommendations for Baltic, Russian and Western decision-makers with a view towards turning the Baltic problem into a Baltic chance.<sup>77</sup>

A real 'roadmap' for Russo-Baltic relations was 'Strategicheskaya Liniya Rossii v Otnoshenii Stran Baltii' [Russia's Strategic Line towards the Baltic Countries], prepared by the presidential office and approved by Yeltsin.<sup>78</sup> It set Russian long-term policy guidelines towards the Baltic States, outlining Russia's strategic goal in the region - the consolidation of good relations with the Baltic States, promotion of bilateral and multilateral economic cooperation, indivisibility of regional security and protection of human rights. The document strongly argued that the notion of Baltic neutrality was by no means becoming obsolete, it was actually becoming more rational, due to the disappearance of the global military threat and development of a multi-polar world.<sup>79</sup> In essence, it was a promotion of the policy of 'constructive engagement'- a much more purposeful and co-ordinated Russian elaboration of hard and soft security strategy in the region, from geopolitics to geo-economics.<sup>80</sup> It was the first time when, in dealing with



the Baltic States, Russia so explicitly applied a differentiated approach: relations with each country depending on the conditions provided for towards the Russian *diaspora*.

### 6.5.2. Regional security guarantees

Russia's opposition to NATO enlargement was initially characterised by 'a twin-track approach'. At first, Russia adopted the policy of 'conditional enlargement': former Warsaw Pact countries could be integrated without tough opposition providing key conditions were met (i.e. non-deployment of NATO troops and tactical nuclear weapons, and an obligation not to create infrastructure and reinforcements in the new members' territories). Above all, neither the Baltic States nor other former Soviet republics were to be integrated under any circumstances. The negative consequences of 'unconditional enlargement', portrayed in all speeches of Russian officials and in diplomatic meetings, supposed to include 'strident militarism' within the 'near abroad', political instability in Russia, and so on.<sup>81</sup>

Concurrently Russia proposed alternative 'non-NATO' mechanisms to oversee European security. First of all, Russia tried to argue that international organisations, such as the EU, OSCE and UN, should provide the framework within which European security was guaranteed. In February 1997, Yeltsin's government formally announced its Baltic policy – Russia's long-term policy guidelines towards the Baltic States, addressed in the previous part of this chapter.<sup>82</sup> The policy document outlined six inter-linked Russo-Baltic issues and supposedly aimed at promoting mutual friendship and a model of relations based on economic integration and bilateral cooperation. Russia, nevertheless, had strange ideas about achieving these goals. Were the Baltic States to join NATO, Russian sources asserted, it 'would have lasting and seriously negative effect on relationships with Russia'. Conversely, the preservation of the Baltic States' non-block status' would be able to create a basis for bilateral and unilateral steps ... capable of dispelling the apprehension for security' that was still lingering in the Baltic States.<sup>83</sup>

Additionally, protecting Russian minority rights in the Baltics remained a fundamental long-term policy goal. It was particularly the case in Latvia and Estonia, where Russia dictated the conditions for citizenship that Russian minorities must receive. Latvia and Estonia were told that progress on the treaties for delimitation of their borders with Russia would stall until the protection of compatriot rights was guaranteed.<sup>84</sup> As NATO and the EU had told candidate countries that they must first resolve border issues, Russia, seeking to halt the enlargement process, tried to blackmail the Baltic States by illustrating that they had not met the conditions for enlargement.<sup>85</sup> This insistence that Moscow 'can rightly intervene in the Baltic States' domestic and foreign policies owing to alleged discrimination against Russians' remained a critical element of the Russian policy.<sup>86</sup>

According to Dr. Graeme Herd, a Faculty Member at Geneva Centre of Security Policy, Russia's position was locked into 'self-defeating and self-sustaining dynamic'<sup>87</sup>: the louder she protested against the Baltic inclusion, the more vigorously the Baltic States strove to achieve NATO's security guarantees, the more Russia increased traditional diplomatic and other economic pressure to halt this integration. By and large, it only



displayed Russia's inability to conduct a policy based on the European and Baltic realities. Apparently, this suicidal course of action did not prevent NATO from enlarging or Russia from continuing to risk exclusion from the European security agenda. A new Russian approach was needed. As a result, Russia started to transform her assertive Baltic policy into 'constructive engagement'.<sup>88</sup>

First manifestation of a new policy was in 1997, when Russia attempted to create some kind of security arrangement with the Baltics – multilateral security guarantees with Russian participation - that would pre-empt NATO membership. The new tactic aimed at three objectives: first, to preserve Russia's status as a regional player, which was important at a time when Russia felt increasingly isolated from the European and global security politics; second, to provide 'protection' of the Baltic countries from NATO members, particularly the U.S., which could possibly remove their need for formal NATO membership; third, with the help of multilateral guarantees to prevent the deployment of NATO troops, weapons and infrastructure in the Baltic States.<sup>89</sup>

At a series of conferences and in diplomatic notes, ending in Yeltsin's visit to Sweden, where he formally outlined Russia's new stance, Moscow offered the Baltic States, Finland, Sweden (and implicitly NATO) a regional security package. Russia's proposed a so-called three-tiered policy intended to create 'a regional model of interaction that would fit Europe's security architecture and regional specifics'.<sup>90</sup> However, this Russian initiative received little international support and was too late.

For the first time, the idea that security of the Baltic States could be guaranteed in a multilateral context rather than by NATO membership was seriously voiced by Boris Yeltsin in March 1997 at the Helsinki Summit meeting with the U.S. President Bill Clinton.<sup>91</sup> At that time NATO enlargement was already underway and the real questions were whether the Baltic States would be included into the first wave, or postponed until later and when the second wave would take place. However, the lasting and successful Western orientation of the Baltic States seriously undermined Moscow's efforts to extend its influence on Baltic security arrangements. Russia's twin-track opposition to NATO enlargement failed and the chances of 'dissuading the Baltic States and NATO'<sup>92</sup> proved to be slim.

Since the NATO conferences in Paris and Madrid in May-June 1997, which created a NATO-Russia Joint Council and ratified NATO enlargement, Russia has started to modify her Baltic policies. Moscow talked about settling border issues with all three Baltic States and the need for economic partnership. Even Russian criticism of Baltic national minority policies became noticeably milder.<sup>93</sup> This indeed demonstrated the correctness of the expansion of the Alliance. NATO enlargement, as Blank put it, obliged Russia to 'find a *modus vivendi* with the Baltic States and to develop a more restrained policy in the West'<sup>94</sup> even if these were only tactical steps to prevent subsequent enlargement of the Alliance.

In September 1997, Victor Chernomyrdin, then Russian Prime Minister, repeated the regional security proposal in Vilnius, claiming that Russia could provide any security guarantees the Baltic States might want in exchange for not joining NATO. He also warned over possible attempts to change the status of Kaliningrad *oblast*. This proposal



was soon followed by the notion of a 'regional zone of security and stability'.<sup>95</sup> A new strong impulse was made by Yeltsin personally a month later during a summit with the Lithuanian President, Algirdas Brazauskas, when signing a 'big' treaty on the state border between the two countries. According to Reuters, Yeltsin declared that Russia was prepared to guarantee security of the Baltic States if they ever came under threat.<sup>96</sup> It was more like a joke, as the Baltic States were seeking security guarantees against Russia rather than from Russia.<sup>97</sup>

These proposals were seen in the Baltic States as Russia's attempt to suggest a security alternative to NATO membership. Lithuania, as well as Latvia and Estonia, found them *a priori* unacceptable. In their view, this initiative conflicts with the basic premise of the indivisibility of European security, and 'regional security' *per se* is non-existent. Moreover, there were no real stability problems in the Baltic region, therefore there was no need to create any artificial 'stability zones'. The Baltic States' security requirements did in no way differ from those of the other CEE states.<sup>98</sup>

The formal response of the Baltic States came in November 1997 at the Baltic Assembly and at the meeting of the three Baltic presidents. Baltic reactions were unfavourable. Russia was accused of attempting to regionalize security and re-impose what the Baltic Assembly referred to as 'Russian patronage' within the region.<sup>99</sup> It was stated that Baltic security would be better guaranteed in a broader European context and it was only by NATO that the Baltic security could be shaped.

In December 1997, the nature of hard security guarantees became apparent when in Stockholm Yeltsin proposed Russia's 'Northern Bridge' initiative. These new proposals were based upon regional co-operative models that explicitly supported the preferred Russian policy of non-NATO Baltic integration.<sup>100</sup> The contents of the Russian plan represented a multi-layered structure: first, bilateral Russian security guarantees to each Baltic State; second, agreements based on a three-plus-one formula; third, the regional level, including Nordic countries; and forth, Europe as a whole. The bulk of security-related arrangements, including confidence building measures, was to be concentrated on the second and third level, which, taken together, was an interesting attempt to compromise between earlier Russian, Baltic, and Nordic proposals. The fourth, pan-European level, opened a way for NATO to play a role in providing security assurances along with the OSCE and other European organisations.<sup>101</sup>

Yeltsin also announced a plan for a 40 percent cut in infantry and naval forces in North Western Russia, including Kaliningrad, the creation of a confidence building regime, establishment of a hotline between the military command in Kaliningrad and those in the Baltic States, joint control of Baltic airspace, joint military exercises, and so on.<sup>102</sup> It is important to note that the force cuts in North Western Russia, though welcomed, clearly owed little or nothing to Baltic security issues and much to the bankruptcy of Russia's military machine, which finally began to undergo systematic downsizing.<sup>103</sup>

The Baltic States, Finland and Sweden immediately rejected these suggestions for a regional security system. In the Baltic view, no circumstances necessitated a special confidence-building regime for the Baltic region because it would presume that this region was less stable or treated as a special case for European security, which did not



correspond to reality.<sup>104</sup> All in all, Russian security guaranties, multilateral or unilateral, for the Baltics or for all of Northern Europe, 'point to a division of Europe into rival spheres of influence'.<sup>105</sup> Such guarantees would 'legally' confirm a subordinate place for the Baltic States as part of Russia's sphere of influence.<sup>106</sup>

It is worth stressing that the initiatives to regionalize Baltic security were also sometimes raised in the West.<sup>107</sup> These were the ideas to institutionalise some security negotiations with the Russian presence at a Baltic round table, or to design special confidence and security building measures (CSBM) for the Baltics. In the context of Russian ambitions to preclude the Baltic States from ever joining NATO such efforts to apply special CSBM in this region became in themselves 'risk factors for Baltic security'.<sup>108</sup> The Baltic States wanted that any CSBM would be compatible with their national security objectives.

It should be noted that supporting the idea of the strengthening of regional transparency, predictability and co-operation within the overall framework of the OSCE commitments, the Baltic States have been participating in the verification regime under the Vienna Document (VD). But they were against any pressure on them to take part in regional CSBM, which could only strengthen the Russian impression that the Baltic States presented a 'special case' and should not be admitted to NATO. The Baltic approach to CSBM was based on the principle that those measures should complement, but not duplicate, the already-existing ones, such as the CFE Treaty and the VD.

### *6.5.3. Remaining tensions in Russo-Baltic relations in late 1990s*

By 1998, Russia had constructed a viable policy towards the Baltic States. As the importance of NATO enlargement process was partly downgraded after the Madrid summit, Russian political priorities shifted from hard to soft security initiatives during 1998: from geo-politics to geo-economics, focussed on domestic structures and economic interests rather than military threats and territorial control.<sup>109</sup> By and large, Russian economic interest in the Baltic States has been centred upon the transport and transit of Russian goods and energy through this region to European markets.<sup>110</sup> In December 1997, Russia signed the Partnership Cooperation Agreement with the EU and, by January 1998, at both the CBSS and the Barents-Euro-Arctic Council meetings, Russia introduced a series of soft security initiatives, which were generally well received by the Baltic States. These initiatives centred upon the integration of transport infrastructures and a common market in communications, services and business information.<sup>111</sup> They were discussed at the Russia-EU Moscow summit held in February 1999. This summit illustrated the growing role of the EU as an interface between Russia and the aspirant EU Baltic States, particularly in non-traditional security sectors. Moreover, Finland introduced the ND Initiative in 1997 which had an important impact on shaping Russia's role and policies within the region. Ultimately, major financial and economic 'meltdown' in August 1998 had seriously impaired the sustainability of the federal power structure, which, in turn, had a spill-over effect on the coherence and management of Russia's Baltic policy. The systemic shock transformed the content of Russia's Baltic policy and further emphasised the soft regional security agenda to cover new issues.<sup>112</sup>



In the late nineties, the Russian government took numerous steps which caused a good deal of unease and acrimony in its relations with the Baltic States. It was Russia's economic pressure, which manifested itself mainly by threatening to withhold oil and gas supplies, and by the construction of oil-loading facilities at Primorsk and other Russian ports of the Gulf of Finland that would bypass the Baltic States and thereby deprive them of at least some of the lucrative transit fees they collected since 1992 from Russian exporters.<sup>113</sup> In addition, Russia occasionally resorted to indirect military pressure, most notably by conducting military exercises near the borders of the Baltic countries. Russia placed exceptional importance to the exercise 'Zapad 99' ('West 99') near the Belarus-Lithuanian border in July 1999, when nuclear weapons were used as a response to conventional aggression.<sup>114</sup> 'Zapad 99' meant a warning to the West following the Kosovo campaign, as well as manifestation of Russia's military might as a major power.<sup>115</sup> The growing integration of Belarus with Russia, and the fortification of garrisons in Kaliningrad have sparked further anxiety in the Baltic capitals.<sup>116</sup> All these examples demonstrate Russia's efforts to put geopolitical and geo-economic pressure on the Baltics in the process of consolidation of their independence. Logically enough, the periods of pressure coincided with high degree of tension between Russia and the United States during and after the Kosovo crisis. This by most accounts itself confirms one of Knudsen's hypothesis: high level of tension between great powers manifests through pressure on neighbouring small states.

Another source of discord in Russia-Baltic relations was the resurgence of disputes about the Soviet past. In June 2000 the Russian government declared that the Baltic countries had 'voluntarily' joined the Soviet Union 'in accordance with international law' and had 'invited' Soviet troops to occupy their territory at the beginning of the 1940s. In a formal statement that was reaffirmed in the spring of 2001, the Russian foreign ministry claimed that 'assertions about "occupation" and "annexation" of [the Baltic countries] by the Soviet Union ignore the political, historical and legal realities that are therefore devoid of merit'.<sup>117</sup> These declarations triggered counter-statements from Baltic leaders. In 2005, in the run up to the May 9 festivities, the refusal of the presidents of Estonia and Lithuania to attend the Victory Day ceremonies in Moscow, celebrating the 60th anniversary of the end of the Second World War, marked the climax of the ongoing 'battle over history' between Russia and the Baltic countries.

Moscow's stance on the Baltic history has been motivated in part by a desire to avoid any liability for reparations (which all three Baltic States have been pursuing), but this does not wholly explain the comments. After all, the whitewashing of Soviet rule in the Baltics is instead symptomatic of Russia's broader failure to come to terms with the Soviet past, and it also reflects a widespread sense in Moscow that the Baltic States should remain in Russia's 'sphere of influence'. Russia's misinterpretation of the past, along with many other points of contention, has given even greater impetus to the efforts by Latvia, Estonia and Lithuania to join NATO. Their desire for membership in the Alliance does not reflect sense of immediate threat. Baltic officials have often said that they do not expect Russia to attack their countries or to undertake other malevolent actions in the near future. Nonetheless, as long as the Russian government fails to acknowledge that the Baltic countries were victims of Soviet rule and not voluntary participants, suspicions of Moscow's ultimate intentions will persist. Baltic leaders see



NATO membership as the only reliable way, over the long term, to allay those suspicions and to hedge against a turn for the worse in Moscow.

## **6.6. Intra - Baltic security interaction**

Common values, external threats or economic interests usually encourage and reinforce regional integration. This process implies pooling values and goals, interests and resources for common purposes. The foundation for Baltic security integration lies in their geographic proximity and shared threat perception. Furthermore, the Baltic States represent similar political regimes and exhibit comparable security policy orientations.<sup>118</sup> Conditions which support regional cooperation of the Baltic States might be seen in their geographical location and small size, their joint past as part of the Soviet Union, as well as similar political agendas, comparable problems in constructing security policies, and the outside view of the Baltic States as an entity.<sup>119</sup>

As a matter of fact, the Baltic States have established a wide array of common institutions: the inter-Parliamentary Baltic Assembly, the Baltic Council for Foreign and Security Policy Cooperation, the Council of Baltic Presidents, and the Council of Ministers of the Baltic States. However, these trilateral institutions were active only in the transitional period – until mid 1990s. Later on, they often became semi-dormant, and their decisions have only been partially implemented, if at all, despite their wordy declarations and intentions to cooperate. The Baltic experts themselves are of the opinion that the dividend from Baltic institution-building is only marginal.<sup>120</sup> This means that by implementing their basically similar foreign policies aimed at ‘returning to Europe’ the ‘Baltic States have by the same time regressed on the issue of their own mutual integration’.<sup>121</sup>

In the defence area cooperation among the three Baltic States has been effective indeed. The presumption at the very start was that the Baltic States do not need to create separate three Baltic projects but they rather need to look where EU and NATO are going and to create structures and procedures that would eventually be easy to plug into wider European and Euro-Atlantic structures. These BALT-projects helped Lithuania, Latvia and Estonia to improve personnel training according to the Western standards, prepare units for participation in international operations and spread the Western experience through the national forces. The multinational units, infrastructure facilities and training institutions created under these projects were purposefully developed by the Baltic States as a future regional extension of NATO’s integrated military structure.

The BALT-projects have been the following: the Baltic peace forces battalion BALTBAT (the project was terminated in August 2003); the Baltic naval squadron BALTRON; the Baltic air space surveillance and control network BALTNET; and the Baltic Defence College BALTDEFCOL (for a detailed description of these projects see Appendix G). All these common projects are highly visible examples of co-operative efforts, but to what extent are they symbolic and to what extent substantive? At times, BALTBAT had been portrayed as a major contribution to regional security, as well as to peacekeeping operations. Yet the project’s visibility did not adequately correspond to its actual security value. BALTBAT had contributed to common Baltic training methods,



operating procedures, and interoperability with NATO forces, but it did not have a considerable impact on the development of self-defence capabilities. The battalion's utility for peacekeeping had been also limited – it had never been deployed independently. The BALTBAT, especially in its early stage, depended on outside support. The same was true for the other projects.

BALTRON activities are centred around high readiness mine counter measures and patrol craft capable of participating in various international missions including collective defence. Each Baltic State owns a small number of warships, usually without meaningful armaments and communication systems. These limitations in terms of capability and resources notwithstanding, intra-Baltic military cooperation has been widely perceived as the most successful, interoperable (personnel, materiel, infrastructure) and effective model of practical and meaningful cooperation. NATO experts recognise that, despite small size of the Baltic States, they could provide capabilities that would enhance NATO's military capabilities. Most important, their inclusion has extended NATO's air surveillance system to cover the entire Baltic Sea and large part of North Western Russia. Another aspect of the integration of BALTNET into NATO air defence system is that all three Baltic nations comprise a cohesive strategic space that has particular relevance for integrated air and missile defence operations and the defence-in-depth of Northern European Alliance territories.<sup>122</sup> Moreover, common projects helped the Baltics not only to develop their forces in conformity with NATO standards and to receive significant support from the Western countries, but also to acquire experience in cooperation, project coordination and management and to demonstrate to the West that they are ready to act together on the international stage. What is more, the Baltic States have already started to share the experience of their joint military cooperation with other regions, primarily with the South Caucasus and the Balkans.

Security cooperation is usually embedded in broader areas of interaction. At the end of the 20<sup>th</sup> century, the Baltic Sea countries repeated the Hanseatic success by opening their borders and liberalising trade and travel conditions. However, economic interdependence, for example, has only developed on a small scale among the Baltic States. Energy, transport, telecommunications are the main fields of engagement. Rapid economic growth will require reconsideration of energy strategy. It is also crucial to implement integration of the Baltic electricity market. Equally, small trade turnover between the three Baltic countries remains problematic.

Thus, Baltic security cooperation is more or less a kind of 'window dressing for Western consumption'.<sup>123</sup> Without underestimating its importance for Baltic solidarity and joint operational skills, for the most part it is limited to the defence area. If defence remains the only significant sphere of close cooperation, it lacks reinforcement from co-operative practices in other fields. The reality shows that all these commonalties - the common Soviet past and comradeship between the independence movements, common values, similar political systems and homogeneous foreign policy orientations – are clearly not sufficient for institutionalised security cooperation. An answer, why Baltic integration is so limited in substance and in scope, can be found in structural constraints, limited interests and, to a certain extent, the content of their security concepts. Cooperation generally requires investment both in manpower and financial



resources for joint capability building. The resources of the Baltic States, particularly in the defence area, are very limited, and it would not make a major difference if they were put together. The relative gains of cooperation seem to be low. The main point here is that Baltic integration cannot produce hard security on its own. Therefore it was more reasonable to project Baltic cooperation as a means to another end - rapprochement with Euro-Atlantic institutions and a return to Europe. The common interests for the Baltic States pertained to their membership in the EU and NATO, not to Baltic integration *per se*, and cooperation was instrumental in reaching these goals. Furthermore, it should not be overlooked that their ethnic composition and treatment of their Russian minorities differ, and pre-Soviet models of the inter-war period point them toward different states. Apart from the Soviet experience, there are no shared historical legacies, which form a common identity for the Baltic States. A negative image of Russia, which served as a consolidating factor upon the restoration of their independence in the early 1990s, has not proved to be a sufficient stimulus for Baltic unity later on. Above all, the Baltic States were afraid that regional cooperation could become a substitute to their admission to NATO. There was always some caution that their mutual cooperation should not de-emphasise moves towards EU and NATO membership.

The political elites of the Baltic States, competing to be the first country to accede to the EU and NATO, aimed to have their countries treated as distinct entities by the West rather than a single geopolitical unit. Professor Vytautas Landsbergis, the former Chairman of the Lithuanian Parliament, urged the Baltic people to break free from the 'Baltic ghetto'.<sup>124</sup> The tendency toward differentiation was equally clearly expressed in pronouncements by Estonian and Latvian authorities.<sup>125</sup> This suggests that being 'Baltic' is not a significant part of the national identities of Estonia, Latvia and Lithuania. The term 'Baltic' is associated not so much with Europe as with the former Russian and the Soviet rule.<sup>126</sup>

That said, with regard to Western security guarantees, cost-benefit calculations speak in favour of outward orientation rather than intra-regional cooperation. This also explains why intra-Baltic cooperation remains competitive in many respects – individualistic behaviour is seen as a more favourable strategy than joint cooperation. Baltic defence cooperation was additionally inhibited by keeping open the option of individual NATO membership instead of joint inclusion. Therefore, since 1995, the dual nature of Baltic cooperation became increasingly obvious. Alongside the demonstration of Baltic solidarity there appeared separate efforts and independent tactics for reaching the foreign policy goals of membership into the EU and NATO. Estonia decided to rely more on Finland's wide-ranging assistance and support, while Lithuania moved towards Central Europe, and especially Poland. From the logic of a small state's national interests and the protection of its physical existence, it was very reasonable – they were looking for more powerful partners. Latvia was a different case. Being sandwiched between Estonia and Lithuania, Latvia did not have any other options to rely on. Therefore, she pursued a policy of intensive intra-Baltic cooperation.

Thus the reasons for weak Baltic security integration largely refer to domestic causes. From a Baltic point of view, there is no particular interest in Baltic security cooperation *per se*. What the flaws in Baltic security cooperation indicate most, is the lack of urgency. Problems *de facto* are not perceived as pressing. Whereas the presence of

Russian troops boosted Baltic efforts to co-operate and provide support one another unconditionally, the eventual troop withdrawal and decreasing pressure from Russia afterwards reduced the urgency for security cooperation. Rather than solving problems, the Baltic States give priority in preserving their individual power status.<sup>127</sup> Simply put, there have been a number of occasions when Baltic solidarity has been threatened by the Baltic countries themselves. These cases are largely related to the issue of natural resources. Suffice it to recall the dispute between Estonia and Latvia over fishing rights in the Gulf of Riga<sup>128</sup> or the dispute between Latvia and Lithuania over the question of oil exploration rights on the continental shelf<sup>129</sup>. For the time being, both disputes remain unresolved and refer to a bigger issue – the settlement of maritime boundaries between these states.<sup>130</sup> Nevertheless, despite the unsettled points of contention, the efforts of Baltic politicians to maintain Baltic cooperation, deserves appreciation. Membership of the EU has opened new opportunities for Baltic interaction. First of all, EU membership is an incentive for them to co-operate – the voice of three countries will be more easily heard in Brussels. Although fifteen years of Baltic cooperation is rather a short period, it is based on a common understanding and is a perfect background for further activities.

All in all, the interaction between the Baltic States is solid evidence that the process of their cooperation, albeit limited in scope, gives positive results. At present, however, it is difficult to predict its future development and principal contradictions. Even in the most successful military sphere cooperation seems to have become more fragmented. The Balts had to demonstrate a cooperative capacity as a precondition of NATO membership, but once integrated, leverage to enforce cooperation is lost. At the time of writing, the Baltic States themselves are still unsure what type of regional framework would be best. The present degree of intra-Baltic security interaction suggests that the ideas alone are far too weak to motivate institutionalised cooperation: institutionalisation depends on a clear assessment of national interests and their potential common denominator.<sup>131</sup> It should be noted that the stimulus for Baltic security cooperation has not come from national political actors but from outside: first, as a reaction to Russian pressure and then the international requirement to come forth as a united regional player.

## **6.7. NATO in the Baltics**

The outcome of the NATO Prague summit and the significance of the invitation to the Baltic States to join the North Atlantic Treaty Organisation first and foremost implied a conclusive consolidation of their independence. The invitation testified that the Baltic States were firmly anchored in the community of Western states and were no longer hostages to the changing Eastern-Western winds. More importantly, membership of NATO meant a totally new quality of security and stability for Estonia, Latvia and Lithuania that allowed them to focus their attention and efforts on a more rapid solution of economic, social, environmental and other issues. Membership also meant obligation. If the Baltic States are part of the new system, they have to take responsibility not only for themselves but also for the future of Europe.



With the accession of the Baltic States to NATO, 'the most challenging part of NATO enlargement puzzle' has also been solved.<sup>132</sup> The issue of the Baltic security has thus been removed from the top of the agenda of NATO (and the EU) and lost the urgency of 'high politics'. In other words, the Baltic security question has been 'desecuritized'<sup>133</sup> and became a matter of normal day-to-day politics.

This section will explore arguments related to the security dilemma in the Baltic Sea region, factors which guided NATO enlargement, Russia's impact on the process of enlargement and her shifting position vis-à-vis this issue. It will also look into new Russia-related threats and challenges the Baltic States are facing today and conclude on future perspectives for Russo-Baltic relations.

#### *6.7.1. The security dilemma in the Baltic Sea region*

The most frequent arguments against a Baltic dimension in NATO enlargement stemmed from considerations over Russia. In geo-strategic terms, NATO enlargement for Russia was related to changes in the military balance and the Alliance's geo-strategic approach to the borders of Russia or Russia-friendly states. While NATO and indeed the Baltic States themselves would portray the Baltic dimension as firmly cementing Northern European stability in a coherent Baltic Sea region, of very low tension, Russia is likely to view it as an encroachment on her 'sphere of influence' by a politically and militarily superior alliance with unclear future intentions. This argument, which was heard even in the West, was based on the assumption that NATO enlargement in the Baltics would bring little benefit at great cost, as it would exacerbate existing tensions with Russia, thereby dissuading her to play her role as a partner in the cooperative security framework offered by the West.

The core of the argument was that the relative enhancement of the security of NATO members would be negative because it would substantially undermine Russian security. This certainly was the position of the Russian security establishment. Suffice it to look at the 2000 Russian National Security Concept and the 1999 Russian Military Doctrine, which both explicitly warned against a NATO enlargement with a Baltic dimension (see 2.3 of chapter 2).

It was evident that Russia with respect to NATO expansion indeed drew a 'red line' in the area of the former USSR and in particular regarding the Baltic States. In the 1990s, the obvious Russian claim used to be that Russia has a 'legitimate sphere of influence', including the Baltic States, in which Moscow had the prerogative to make security policy. Although Putin and other Russian officials tried to use a milder vocabulary, in reality this notion, like other geopolitical constructs, has not lost its meaning.

The logic of the argument rested upon a geo-strategic perception that is contradictory to the whole paradigm of cooperative security, which NATO has adopted since the end of the Cold War, most explicitly with its Strategic Concept of 1999. And that is here the logic fails. The liberal paradigm underlying cooperative security rejects balance of power as a fundamental prerequisite for stable security. Seen from the cooperative security perspective of the West there can be no real reduction of Russian security with the three Baltic States inside NATO. There is no power in the Baltic Sea area that

Russia needs to balance by establishing 'forward naval bases', or that could use the Baltic rim as a 'platform for massive land offensive'.<sup>134</sup>

At the level of practical politics, NATO members cannot logically on the one hand argue for cooperative security and then on the other accept a traditional geo-strategically based document about a Russian 'sphere of influence'. This contradiction between the Russian geo-strategic perspective and NATO's cooperative perspective on security strategy was further witnessed in Russia's protests against NATO's deployment in Lithuania in April 2004 following the Baltic accession to the Alliance. While Moscow has resigned itself to NATO's expansion, albeit grudgingly, the reality of four F-16 NATO fighters being deployed in Lithuania to patrol Baltic airspace has deeply unsettled and angered Russian politicians and commanders, prompting some of the sharpest criticism of the Alliance since its air raids against Serbia in 1999. It was stated in the Duma: 'A further advance of the NATO infrastructure towards the Russian borders is at variance with the new relations between Russia and NATO, established over the past few years'.<sup>135</sup> Russia's Defence Minister Sergey Ivanov used even more heavy-loaded language: 'Should NATO's infrastructure be set up in the Baltic States ..., any military-political steps by Russia will be in self-defence'.<sup>136</sup>

Russia considered the action to be counterproductive in the context of rapprochement between NATO and Russia. In its own right NATO justified the move as a routine implementation of the Alliance's air defence policy: the security of the airspace of all NATO members (including those that do not have their own aircraft) is ensured collectively. Finally, the public of the Baltic States perceived the deployment as a symbol of 'hard' security guarantee acquired with NATO membership.

One can draw an interesting conclusion from this case. Viewing her relations with NATO as a zero-sum game, Russia considered protection of the airspace above the Baltic States is a major political and military blow to her national security. The Russian rhetoric, in turn, revitalized suspicions in the capitals of the Baltic States about the dormant revisionism of Russia. Realist school of thought would be happy to conclude that the security dilemma has not been removed from the Northern Europe by NATO enlargement to the Baltic States. However, from a liberal or constructivist perspective, one can see an entirely different picture. NATO enlargement (and even the deployment of aircraft in Lithuania) has been driven not by military goals, but by common Euro-Atlantic values, ideas of cooperative security and moral restitution of injustice committed after the Second World War. The harsh reaction of Russia was not a rationally calculated play in the spirit of *realpolitik*. It was rather a highly emotional rejection of reality stemming from psychological stereotypes engrained within the Russian elite towards the Baltic States as former Soviet republics, which broke from the Soviet Union for apparent no reason. The Baltic States themselves took NATO enlargement as a solution to their long sought guarantee of security against the big neighbour. By the same token NATO has demonstrated that it is still a reliable collective defence alliance capable of providing appropriate security measures to all its members.

A further often-heard argument was that, given Russia's worries over the Baltic membership, NATO should not provoke Russia by accepting all the three countries at



the same time. It was argued that adding one Baltic country would accomplish a Baltic dimension, at the same time demonstrating the point that no external actor had the right of veto over NATO membership. It would, on the other hand, be a minor provocation compared to accepting all the three Baltic States. On the practical level, this argument was often followed by the claim that Lithuania would then, because of her best relations with Russia, her location and her superior preparedness, be the logical top candidate leaving Estonia and Latvia to wait for membership. This line of argument obviously gave Estonia and Latvia reason to fear that they might be uncoupled from the enlargement process and that they might be further subject to Russia's pressure and intimidation.

The key problem with this argument was, by most accounts, contradictory to NATO's ambition of furthering North Eastern European stability by expanding into the Baltics. There has been a common tendency in the West to view the three Baltic States as making a coherent security area, even if it is accepted that the states indeed are very different. An enlargement with all three Baltic countries was intended to maintain and safeguard the stability of this coherent and interdependent security area. If the region were to be clearly split on the way to NATO, stability might just not be preserved, let alone the negative effects on the societies and governments of Latvia and Estonia, who made difficult economic and political sacrifices to prepare their states for NATO membership. After all, the fear by some NATO members of overly provoking Russia by accepting the three Baltic candidates rather than one seems based on a flawed logic. If NATO decided to cross the 'red line' drawn by Russia it would probably have no difference whether this line was crossed more or less.

It could be argued that NATO enlargement to the Baltic States is actually in Russia's best interest, even though this is by no means admitted in Moscow. By this enlargement NATO effectively rejected the conceptual notion of Russia's 'spheres of influence' thereby forcing Russia into accepting the logic of cooperative security policy making. There is little sense in claiming a 'sphere of influence' to exist if nobody else accepts the claim or even the concept. Furthermore, the region, which then was considered by Russia to be one of low tension, would be further cemented as part of a European zone of stability and growth. As Baltic long-term institutional security status had been resolved, Moscow was likely to show greater interest in strengthening its ties with the Baltic States, as it happened with Visegrad countries after they entered NATO in 1999. At the same time, NATO membership has solidified the self-confidence of the Baltic governments and enabled them to further explore their bilateral ties with Russia. The Baltic States are determined to encourage cooperation between Russia and Euro-Atlantic structures.

Summarising the security dilemma in the Baltic Sea region, it might be concluded that although NATO enlargement does not mean automatic 'de-securitization', a 'securitization' shift has nonetheless taken place in this region. Rationality, scarcity of means, as well as strategic considerations induced the former opponents to adopt a cooperative stance in the Baltic Cold War contact zone. For the moment, this approach corresponds to a win-win situation for both sides. The inclusion of Russia into NATO structures and the enlargement of the Alliance undoubtedly brings the NATO-Russia partnership closer to the cooperative security model. Upon joining NATO, the Baltic

States became members of the NATO-Russia Council. Therefore, their security relations with Russia acquired a new quality, which could be called the 'embodiment of the new security regime in the region'.<sup>137</sup> Above all, the main parties to the conflict line in the Baltic Sea region – Russia and the Baltic States – are finally placed in a wider international context, which, in its turn, should provide conditions for final normalisation of their relations.

#### *6.7.2. Factors and their interplay in the process of NATO enlargement*

The decision on NATO enlargement was always political, i.e. enlargement is impossible without a clearly stated wish by NATO members to enlarge. However, the process of enlargement itself is a whole package of various factors: it entails the political will of NATO to expand, global geopolitical developments, political and military qualifications of aspirant countries and their domestic policy reforms. The development of some of these factors was beyond the aspirants' will but affected the enlargement process, other factors pushed the aspirants to search for solutions, i.e. to do their 'homework'. However, even decent homework could not guarantee automatic acceptance to the Alliance, though it was closely related to NATO's political will to enlarge.

The obvious will of the Alliance to enlarge was confirmed by the Washington Declaration adopted at the NATO Heads of State Meeting on 23-24 April 1999. Looking back at the path of Baltic integration into NATO, one could say that the biggest achievement was that the Baltic countries had not become the 'special case' of Europe. The majority of politicians, diplomats and political scientists in Europe and the U.S. used to say that the Baltic States' membership of NATO might destabilise security in the Baltic region and Europe. It should be noted that NATO enlargement is not about relative benefits, but about absolute gains: the expanding zone of stability and Western values equals the expanding zone of the Western influence. NATO is getting stronger, and the security of its individual members – both current and new - is enhanced. But a key point in the debate on NATO enlargement obviously was Russia and her particular sensitivity to this issue. The logic of the 'Russia first' approach assumed that the invitation of the Baltic States could have negative consequences for democracy in Russia, and would bring Russia back to authoritarianism or even confrontation between the former Cold-War adversaries.

Hence, there was the only one 'special' item in this case - fear that inviting the Baltic States to join NATO could trespass across the mythical 'red line' drawn by Russia. This made the Baltic case 'special'. The key to the success of the Baltic States was to prove to NATO members, over fourteen years of independence, that they are predictable states. The time factor was also highly important. Indeed, time was needed to build up a political and economic context, as well as to change stereotypes of thinking of their Western partners. A positive development of Russo-Baltic relations, particularly the constructive Lithuanian policy towards Russia, was of great significance in avoiding the 'special case' scenario. One can fairly reasonably state that among the Baltic States Lithuania played a key role in persuading NATO member states that good relations with Russia was her aim rather than a political show.



In each phase of NATO debate, the most important venue was Washington. Without the lead of the United States, frankly, there would never be as much certainty in the NATO enlargement – or even the much heralded ‘open door’ policy over the past few years. After all, the Baltic ‘cause’ remained popular in Washington over the years, with widespread support for their membership in NATO.<sup>138</sup> In a landmark speech at Warsaw University in June 2001, President Bush demonstrated that the U.S. administration had already made the strategic decision concerning the further enlargement of NATO. He pledged ‘to erase false lines that divided Europe for too long’... No more Munichs. No more Yaltas... All of Europe’s new democracies, from the Baltic to the Black Sea and all that lie between, should have the same chance for security and freedom ...’<sup>139</sup>. The U.S. administration’s determination to embrace large-scale NATO enlargement stirred up discussions in the European countries, followed by positive developments in this regard.

The terrorist attacks of 9/11 in fact speeded up positive trends, making it finally clear that enlargement was essential. If NATO is going to meet new threats to its security, it needs to build the broadest and strongest coalition possible of the countries that share its values and are able to act effectively with the Alliance. Most important, the events 9/11 served as a symbolic turning point for Moscow, as they opened up an opportunity for it to develop relations with the West in a new way. Both Washington and Moscow started to see each other as partners in dealing with a more pressing threat, that of Islamic fundamentalism. Though there were earlier hints about Russia’s softening stance over the Baltic NATO issue, 9/11 was a powerful stimulus to proceed with plans for developing NATO-Russia cooperation from theoretical to practical dimension. Consequently, this considerably increased chances for the Baltic membership of NATO.

It is also indicative that the second round of NATO enlargement coincided with a low degree of tension between the great powers - Russia and the United States. In accordance with the Knudsen model, low level of tension implies decreasing pressure on small states, which was evident in Russia’s softened attitude towards Baltic membership of NATO. On the other hand, shifting Russia’s approach does not necessarily mean Russia’s intention to decrease pressure on the Baltics: it might be read as Russia’s rational move in seeking to attain her geopolitical objectives. One should bear in mind why Russia has chosen a course towards rapprochement with the United States. First of all, this was driven definitely not only by the appearance of the common enemy – international terrorism, but to much greater extent - by the necessity for Russia to increase her profile in relations with the West. What Russia wants to achieve is an equal partnership between the three powers – U.S, EU and Russia. Finally, Russia’s negative attitude towards enlargement has not changed, only softened: Russia accepts the enlargement as long as NATO evolves to become a more political organisation. Moscow expected compensation for the second round of enlargement and received it – the NATO-Russia Council. This seems not only helping Russia to augment her leverage on decision making within NATO, but also to increase her international weight.

### *6.7.3. Russia's impact on the enlargement process*

The inability of the Yeltsin administration to prevent the first post-Cold War enlargement, proved Moscow's inability to determine the fate of its former empire. Nevertheless, one must admit that Russia's influence has been considerable during the whole process of Baltic integration into NATO. By labelling the three Baltic States as 'territories of the former Soviet Union' Russia managed to derail their NATO aspiration for a length of time. Although Russia never enjoyed the right to veto decisions on NATO enlargement, her direct influence could always be felt – during numerous international conferences, consultations and negotiations there would always be an issue on what had to be done to make Russia feel comfortable with regard to NATO enlargement and help Russia 'save face'.

The Russian government tried to prevent the progress of NATO enlargement into the Baltics by employing various means: open protests against Western integration; raising the issue of Russian minority rights in Latvia and Estonia; refusing of signing border treaties, and so on. With regard to Russian speakers in Latvia and Estonia, the OSCE High Commissioner on National Minorities confirmed that these countries met the requirements set by the OSCE, which closed its missions in Tallinn and Riga at the end of 2001. Although the situation in Estonia and Latvia is far from perfect, the potential for ethnic discord nowadays is not greater than in many other NATO states.<sup>140</sup> As far as the border issues are concerned, both administrations of Yeltsin and Putin, with the support of the Duma, were using the non-existing border problems to maintain pressure on Latvia and Estonia (for more detail on minority and border issues see 6.4 and 6.8.9. of this chapter). Moscow had the clear purpose of maintaining this instrument, which it believed would formally preclude the expansion of NATO to the countries in question. Although such territorial regulations are normally required for any NATO admission, NATO did not accept this kind of linkage and expression of power politics. Thus, a precedent was created with the accession of states without ratified border treaties.

It should be stressed that Russia's geo-strategic pressure was reflected in the provisions of her Military Doctrines of 1993 and 2000. Both doctrines foresee situations, which permit Russia deploying forces to neighbouring states: first, if Russia's military objects in these states are under attack; second, if there is an expansion of unfriendly military blocs. This, nonetheless, reflected fixed, albeit theoretical, threat against the Baltic States. These ideas came into play through Russia's threatening that NATO expansion into the Baltics would provoke the deployment of nuclear weapons along their Western borders, sending Russian Army to the Baltic countries and exploiting the means of political and economic pressure.

According to the Knudsen model, a great power's urge to control its neighbours is a consequence of its tension with other great powers.<sup>141</sup> When great-power elites perceive an increased external danger, they 'become wary of a small neighbour for possible deviant policy'; hence there is an increase in a great power's propensity to put pressure on a small neighbour and demand compliance from its leaders.<sup>142</sup> One could identify a period of high-level tension in Russian-U.S. relations during the Kosovo crisis, which, in turn, led to more assertive Russian policy vis-à-vis the Baltic States. It could be



interpreted, first of all, as a manifestation of Russia's insecurity. In the sphere of international politics, Russia finally lost her influence of any kind: the UN Security Council, the main tool of Russia's influence, was marginalized; Moscow clearly perceived that it had no adequate means to respond to Washington's actions and that the 1997 NATO-Russia agreement in fact was not working. Beside this, Russia was still in economic crisis, and was facing external treats (first and foremost, Islam) and internal threats (shifting power from the centre to the regions and pushing the state towards disintegration).

Russia's increased pressure on the Baltics can be interpreted as her growing opposition towards NATO enlargement. The NATO Alliance was seen as an antagonistic military block, acting unilaterally, and its expansion was perceived as an approach of an aggressive bloc to Russian borders. It is important to note that in the wake of the Kosovo crisis Russia's approach towards NATO enlargement had changed: in Russia's view, Poland, the Czech Republic and Hungary joined more or less a defensive alliance, whilst the Baltic States were entering an aggressive and offensive NATO. It was largely the Alliance's bombing in Serbia that provided Russia with additional arguments why NATO's expansion was a threat to Russia's security.

As a result, the period from the first wave of enlargement in 1999 till the middle of 2001 was extremely difficult for the Baltic States. Seeking to prevent the realisation of the scenario of the second enlargement, Moscow pursued a policy leading to direct pressure on the Baltics. Russia aimed to achieve a consensus among the great powers and to discredit her small neighbours. In the dialogue with NATO member states Russia adopted the 'Cold War' approach, underlining categorically her emphatic 'no' to NATO expansion, particularly involving the Baltic States.

On the whole, these developments are well in line with Knudsen's hypothesis about a degree of tension between great powers. However, it should be taken into account that high degree of tension between Russia and the United States was not the only reason for Russia to increase pressure on the Baltics during this time frame. Moscow's hostile position with regard to the Kosovo crisis reflected Russia's geopolitical aim to elevate her role internationally. It was an excellent opportunity for Russia to take benefit from this crisis: to discredit NATO's authority in the eyes of the international community and to challenge its unity.<sup>143</sup> At the same time, Russia made every effort to encourage anti-Western mood in the countries which had recently been under Russia's dominance. In fact, an increased pressure on Lithuania also reflected Russia's intention to have an impact on Lithuanian foreign policy priorities. Fortunately, these geopolitical aims of Russia had not been realised. Moscow had to change its tactics and to move towards decreasing the tension.

It is indicative that over a considerably short period of time, Russia's position has undergone a remarkable evolution from open confrontation to a relatively calm resignation about NATO enlargement. This tendency pre-dated the 9/11 events and became more firmly established thereafter, when U.S.-Russian relations quickly improved. It should not be underestimated that the changes in Russia's attitude were considerably influenced by the strong and consistent commitment of the U.S. and other NATO member states to the 'open door' policy. This facilitated understanding among

Russian political elites that NATO enlargement would happen anyway and that the Baltic States would eventually join the Alliance regardless of what Russia did. On the other hand, aside from rhetoric, Russia had no means to prevent NATO enlargement. As it became clear that by bitterly opposing Moscow would not win anything, strict anti-NATO rhetoric was set on a milder tone, though it has never been abandoned altogether.

Signs of progress on this issue were evident as early as in March 2001 during the official visit of the Lithuanian President Valdas Adamkus to Moscow. With considerable fanfare, Adamkus and Putin signed a joint declaration pledging that each side 'recognises right of every country to choose the way to ensure its security along with the commitment not to strengthen its own security at the expense of security of other countries'.<sup>144</sup> In separate remarks, Adamkus stressed that 'no one will lose from NATO enlargement. ...Lithuania's membership in NATO is not directed against any country'.<sup>145</sup> In the wake of the Adamkus visit, Russian policy continued to shift in a more accommodating direction. Although Putin and other Russian leaders voiced conflicting statements about NATO enlargement, the main message that came through was relatively simple: Russia is still against the admission of the Baltic States into NATO, but neither would she 'waste political capital' to oppose it, nor would she stake the whole relationship with the West on this issue.<sup>146</sup> The NATO summit in Prague made clear that the worst-case scenario for the Baltic States had not materialised. Quite the reverse, the developments in the Baltics were according to the best case scenario: the fear concerning Russia's veto has vanished, and NATO's 'open door' policy has proved to be real.

Referring to Knudsen, the process of political 'de-occupation' of the Baltic States, related to the consolidation of their political independence in international arena, was over. This process was perceived as the realisation of the key objectives of the Baltic States – their membership of NATO and the EU. Political 'de-occupation' started in 1994, when the Baltic countries declared their Euro-Atlantic aspirations, and took a decade to come to fruition.

This is not to say that Russian concerns about this matter have ceased altogether. Moscow has been worrying not so much about the enlargement *per se* but that four new NATO members, including the three Baltic States, are not signatories to the adopted CFE Treaty.<sup>147</sup> In Russia's view, this treaty, aimed at establishing a stable and balanced level of conventional weapons between NATO and Russia in Europe, thus solving NATO enlargement and security dilemmas, became a bone of contention between NATO and Russia. Following the logic of neo-realist thinking, the first wave of NATO enlargement was set in a frame of arms control, whereas the second wave diverted the balance of power since four NATO countries are not bound by any of the limits stipulated by the CFE Treaty. Hence, with the second wave, including the Baltic States, NATO has significantly improved its geo-strategic position: it acquired the possibility to establish an 'offensive front' against Russia from the Baltic States in which conventional arms control does not apply. What alarms Russians most, from the point of view of their own security, is the 'NATO deployment of means and forces on the territory of its new members'. They say that it may become an obstacle for further development of cooperation between Russia and NATO 'if in the future these sensitive relations are not solved on the basis of mutual benefit and equality'.<sup>148</sup>



It is noteworthy that the treaty itself is not in force. The West's argument is that the fulfilment of Istanbul Commitments<sup>149</sup> - Russian obligations to withdraw the forces from Georgia and Moldova - is inseparably linked with the CFE Treaty's ratification by the state-parties, and the accession to it of the three Baltic States. With its forces in Moldova and Georgia the Kremlin, nevertheless, wants to speed up the CFE Treaty's ratification to have an insurance that Russia would not be faced with 'an uncontrolled zone, a kind of legal "black hole" in which there would not be restrictions on the deployment of NATO forces and equipment'.<sup>150</sup> Russia wants speedy ratification of the treaty and Baltic accession to it with the aim of constraining provisions both in the CFE framework and outside its scope and in this way restricting allied defensive deployments in the Baltic States. Moscow has tried hard to gain influence by requiring a linkage between NATO's admission and the CFE Treaty. Yet this linkage was refuted by NATO, as it was a clear attempt at pressuring sovereign states. The Baltic States consider accession to the CFE Treaty and NATO enlargement as two independent processes, which were not and should not be linked.

On the other hand, the Baltic States are preparing for the accession to the CFE treaty once it comes into force, provided the satisfactory conditions are met for their security needs. It should be stressed that Estonia, Latvia and Lithuania have created their armies from scratch, and possess almost none of the heavy weaponry in the CFE Treaty-limited categories (tanks and armoured combat vehicles, heavy artillery, combat aircraft). They have neither the means nor the wish to acquire those types of weaponry. For their defence, the Baltic States rely mainly on small, well-trained, lightly armed infantry units and on NATO allies' ability to bring in reinforcements in times of crisis. Like all NATO member countries, the Baltic States will be covered by Article 5 of the North Atlantic Treaty - the bedrock of NATO's credibility, which provides guarantees for member countries against a possible aggression. This is why in the interest of the Baltics (and equally in NATO's overall credibility) that the CFE Treaty's constraints must never impair the Alliance's ability to defend Estonia, Latvia and Lithuania. In short, the accession to the CFE Treaty first of all should serve the Baltic interest for ensuring NATO's capabilities to defend the Baltic States.

#### *6.7.4. Baltic-Russian interaction after the dual enlargement: view from the Baltics*

In 2001, President Adamkus stated that Lithuania and other Baltic States have a vision and a strategy concerning further development of their cooperation with Russia. This vision encompasses four points, on which rests the whole philosophy of Russo-Baltic dialogue. First, 'we are prepared to build on our successful cooperation with the neighbouring regions of Russia and make it a priority'. Second, 'together with Russia we have a common interest in regional and economic growth and prosperity'. Third, 'we are committed to promote cooperation between Russia and the Euro-Atlantic institutions even after NATO and EU expands'. Finally, 'Russia should come to peace with her history, and we are ready to help her in this uneasy process'.<sup>151</sup>

The Baltic States support new positive trends in the development of NATO-Russia cooperation. In no way does this new partnership compromise security interests of the Baltic States. On the contrary, engaging Russia in the specific areas of mutual interest

should serve not only the purpose of confidence building between NATO and Russia but also of increasing stability in the region. This is also an opening opportunity for the Baltic States to advance their relations with Russia in accordance with NATO and EU policies and to make their contributions to the dialogue between NATO, EU and Russia. The confidence provided by the Alliance's security guarantee boosts the willingness and possibilities of the Baltic States to engage Russia more widely. Therefore it is fair to assume that it is the Baltic membership of Euro-Atlantic organisations that should substantially change the quality of their cooperation with Russia. The Baltic States are prepared to build further cooperative ties with Russia based on the rock-solid foundation – equality and partnership in relations with Russia - that NATO membership has sealed.

It should be noted that the Baltic countries possess a rather unique knowledge and understanding of Russia, which could not be found elsewhere in the Euro-Atlantic community. Lithuania has a good record of dealing with Russia on a number of issues including troop withdrawal, settlement of the border, military transit, cross border cooperation, and so on. This kind of expertise may indeed become a valuable asset both in NATO-Russia and EU-Russia relations. On the whole, the Baltic States seek to reinforce the effort of Euro-Atlantic community to bring Russia as close to NATO and EU, as Russia wants to come.

Russia, however, does not seem to share similar approach towards the Baltic States. Although NATO enlargement did not evoke the widely anticipated (but rarely specified) hostile reaction of Russia, the progress of bilateral relations over the past years has been stagnant at most. Beside this, strengthening authoritarian trends and the growing profile of special services manifest themselves in Russia's domestic politics. This gives enough ground to think that in the medium and long-term view the Baltic States may face Russia-related threats and challenges. When analysing these threats, two perspectives – 'high politics' (hard or traditional security threats) and 'low politics' (soft threats) – should be taken.

In terms of 'high politics', relations between Russia and the Baltic States since 1991 have never descended into any armed conflict with human casualties. In the official national security strategies of the Baltic States there are no direct references to Russia as a military threat. Nor there is direct or indirect mention of Russia as a threat in NATO's strategic concept of 1999 or in any of NATO's subsequent communiqués. The 2003 Defence White Paper of the Russian Federation also states unambiguously: 'a global nuclear war and large-scale conventional wars with NATO or other U.S.-led coalitions have been excluded from the list of probable armed conflicts for which the Russian Armed Forces are prepared'.<sup>152</sup> A more ambiguous statement indicates that 'the expansion of military blocs and unions to the detriment of the military security of Russia or its allies' is an external threat 'whose neutralisation is the function of the Armed Forces of the Russian Federation.'<sup>153</sup>

The Baltic States maintain that the likelihood of a military conflict between Russia and the Baltic States is nil for the foreseeable future, unless some dramatic changes would take place within the Kremlin, along the lines of a military coup. No one could reasonably expect Russia to try to use military force against the Baltic States. However,



it does not mean that 'low politics' is tension-free. Russia-related threats and challenges to the Baltic States in 'low politics' are provided for in the next part of this chapter.

## 6.8. Russia-related threats and challenges for Baltic security

The Baltic States became predictable and safe countries of market economy, the rule of law and Western values. They enjoy peace, sustained economic growth and cooperative relations with neighbours and foreign partners. Upon their accession to the Euro-Atlantic structures, the current state of security affairs in the Baltic States is arguably the best ever achieved in history. Therefore, the further steps of the Baltic States should be guided by the need to stabilise and make these historic developments permanent. These major achievements notwithstanding, the Baltic countries are facing a great variety of threats and challenges. As the subject of this study is Russia's politics, the author intends to confine herself to the discussion of Russia-related threats and challenges. Henry Kissinger claimed that despite NATO enlargement Russia would seek to retain her influence in the regions, which are of geopolitical and historical importance for her.<sup>154</sup> Since the 1990s it has become apparent how Russia is achieving this goal in CEE states, including the Baltic countries.

### 6.8.1. Energy dependency

It should be stressed that energy-related risks stem from the fact that Euro-Atlantic integration of the Baltic States does not guarantee their all-round geopolitical gravitation towards the West. This is well in line with the Knudsen model that the process of political 'de-occupation' does not necessarily go hand in hand with economic 'de-occupation' – the consolidation of economic independence.

What one can see in the Baltic States (and CEE countries) is, in a sense, a division of geopolitical influence by sectors between the West on one side, and Russia on the other. A new trend has become apparent in recent years – decreasing U.S. business interests in CEE and withdrawal of American companies from this part of Europe. The most glaring example was the retreat of U.S. oil-processing company Williams International from Lithuania in 2002, enabling *Yukos* to occupy all the positions. After Kremlin's expropriation of *Yukos* in 2005 the dominating players in the energy sector of the Baltic States became *Gazprom* and *Lukoil*. Thus, after the dual enlargement, the Baltic States (and the whole CEE region) experience the dilemma of double asymmetry: the U.S. and NATO dominate in military and political spheres, whilst Russia is penetrating in the economic field, especially in the energy sector. An affirmation that there is a new division of geopolitical influence between the West and Russia and that economically the CEE and the Baltics are 'handed over' to Russia as a compensation for the loss of geopolitical influence should not be completely discarded.<sup>155</sup> This is perfectly in line with Chubais' idea of a 'liberal empire' to be embodied through the expansion of Russian energy corporations. By this Russia is out to regain her geopolitical standing, at least on post-Soviet territory.<sup>156</sup>

The main goal of Russia's geo-energy<sup>157</sup> politics in CEE is the integration of their energy sectors into the Russian energy system, by restricting the CEE region's

possibilities to become a subject of energy politics. Russia seeks to make CEE a bridgehead of her energy politics. By taking control over the energy sector of this region Russia may: first, to negotiate directly with the zones of realisation of production; second, to make Western Europe more dependent on supply of Russian energy resources; third, to reduce economic and political independence of CEE countries and increase their economic vulnerability.

Ever since the collapse of the USSR the Kremlin has used its energy monopoly to influence policies in the Baltic States. Already in the early 1990s, the Kremlin exploited energy dependency and vulnerability of Eastern European states, including the Baltics, to exert pressure on them through threats and cut-offs of supplies. Since the beginning of 21st century, a more sophisticated approach has been adopted. Russia's national security interest, as defined by Putin and a large part of the Russian power structures, is to re-establish Moscow's control over strategic assets in neighbouring states. Russian energy companies purchase strategic sectors of the local economies with the aim of gaining full, or at least partial, control over the oil and gas sectors of all the transit countries. By obtaining key segments of the oil and gas industries in the Baltics, Russia simultaneously is seeking to gain here a political leverage. Moscow uses its intelligence assets and its ties with wealthy members of the former leaders of the Soviet era *nomenclatura* in the Baltic States to supplement the monopoly power of its energy supply relationship. Such a projection of economic power demonstrates 'neo-colonial characteristics' of Russian energy policy in the Baltics.<sup>158</sup>

The Baltic States are particularly tied to Russia by Soviet era pipelines, rail lines and refineries, and Russia also enjoys a near monopoly of energy supplies to these countries. Refineries in the Baltics were designed to process heavy Russian crude oil, and power plants - to use gas from Russian fields. Even if the long dependence of the Baltic States on Russian technology and infrastructure is discounted, geography alone dictates that Russia will probably remain for them the nearest and cheapest supplier of oil and gas. After all, the growing European dependence on the Russian energy resources only exacerbates the difficulties confronting Baltic quest for alternative supplies. This dependence does not only weaken the security of the Baltic States but also that of the EU itself.

In the Baltic States gas imports from Russia amount to a 100 percent, and oil imports stand at nearly 90 percent.<sup>159</sup> Thus, if in the oil sector the Baltic States do have some space for manoeuvre by buying more expensive crude oil from other suppliers, in the gas sector the dependency on Russia's supplies is total. *Gazprom* already has a strong foothold in all three national gas distribution companies of the Baltic countries. *Gazprom* has effectively used partnership deals with Germany's *Ruhrgas* to gain equity foothold in the Baltics.<sup>160</sup> Besides, there is no crucial gas transit infrastructure in the Baltics, which further diminishes the chances of the Baltic governments to rebalance their dependence on Russian gas supplies. The two largest Russian energy companies, *Gazprom* and *Transneft*, are operating as government-run monopolies. Although *Lukoil* and *Rosneft* are allegedly privately owned, independent companies, they behave as state-owned enterprises rather than the commercial ones. It is usually impossible to separate the commercial activities of *Transneft*, *Gazprom* and *Lukoil* from Russia's foreign policy objectives. *Transneft* is the 'company of first choice' when the Kremlin



wants to enforce its energy policy abroad.<sup>161</sup> Today *Transneft*, *Gazprom*, *Lukoil* and *Rosneft* are home and funding sources for much of the *siloviki*.<sup>162</sup>

The Baltic States are losing the only leverage they probably have vis-à-vis Russia in the energy sector – the transit of oil. During the Soviet era, key oil export terminals were located in Baltic ports: Ventspils (Latvia), Tallinn (Estonia), and Klaipėda (Lithuania). As a result, after the break up of the USSR, Russia became dependent on the Baltic countries and had to pay them significant fees for the oil transit (about 16% of net crude Russian oil exports) to the West.<sup>163</sup> Being an important transit location for the Russian export system has given the Baltic States flexibility in their bilateral relations with Russia. To reduce this dependence, Russia undertook a twofold strategy: building new terminals and pipelines bypassing these countries and recapturing control over existing infrastructure. By 2001, *Transneft* finished a major project encompassing a new system of oil pipelines in the Baltic Sea and a new export terminal in Primorsk. This project not only reduced Russia's dependence on the Baltic terminals but also enabled Moscow to exert pressure on the Latvian government (Russia stopped shipping her oil through Ventspils) to give preference to the Russian companies in the privatisation of *Ventspils Nafta*, Latvian oil transit company. Soon to be opened a port in Ust-Lugoje (St. Petersburg district) and a North European Gas Pipeline to be commissioned in 2010 will further undermine competitive capabilities of the Baltic ports.

Since 2001, seeking to escape from transit dependence on CEE states, Russia has started to further expand her gas and oil pipelines by bypassing CEE area. A clear manifestation of this Moscow's strategy is a joint *Gazprom-BASF* (Germany) project - North European Gas Pipeline (NEGP) under the Baltic Sea - launched in September 2005. It is planned to run 1200 kilometres from Vyborg (St. Petersburg district) to Greifswald (Germany) as early as 2010, bypassing the Baltic countries, Belarus, Ukraine and Poland<sup>164</sup>. The NEGP will be the first gas pipeline directly connecting Russia, as a producer, with recipients - Western European markets. Although the environmental aspect of the pipeline project is of great importance, it is the political aspect that creates the most controversy.<sup>165</sup> The construction of this pipeline will diminish the strategic importance of the transit infrastructure of CEE and will significantly strengthen the negotiating position of the Russian government with the Baltic States (as well as Poland, Ukraine, and Belarus), through whose territories Russian gas now passes westward to Europe. Russia will no longer need to negotiate transit fees with these countries. More important, the elimination of the Baltic States from the NEGP project shows Russia's desire to leave them in isolation from direct energy distribution channels. The Baltic countries proposed an alternative project – a cheaper and more ecologically secure 'Amber' route above the ground through their territories.

A major reason why Russia is so successful in using her energy card in CEE is the West's, especially the EU's, inadequate focus on this issue and the absence of a common and coherent strategy on its relations with Russia. A prime example of the ineffectiveness of the EU policy is that there is no consensus as to whether the Russian-German pipeline project should fall in the framework CFSP or should it be based on bilateral agreements. As the Union cannot define its common interests in the field of energy supply, it is incapable to transform Russia's energy policy in CEE and mitigate

its consequences. As a result, the Baltic States become, to a certain extent, hostages of the energy dialogue between Russia and the EU.

At the same time there is a growing recognition in the West that expanding exports from the Caspian Sea region is, to a great extent, held hostage to Russia's control over the pipelines to Europe. Russia largely succeeds in applying political and economic pressure on producers, such as Kazakhstan, Azerbaijan, and Turkmenistan not to develop independent energy ties to the West. The Russian-Ukrainian gas war at the beginning of 2006 added a new angle to Russian energy policy. This move triggered an uproar in quite a few European countries, including France and Italy, because as much as 80 percent of supplies to Europe transits through Ukraine. The Kremlin has shown that it may use its gas weapon even if this jeopardizes Russian-European relations.<sup>166</sup> Paradoxically, this crisis may also benefit the Baltic States, as it has prompted a debate on the need to create a common EU energy policy.<sup>167</sup>

Could anything be done on the part of the Baltics to break free of their dependency on Russia's energy? The Baltic States, with the help of Euro-Atlantic institutions, must work together to implement policies of diversification of suppliers that would provide greater energy security to them and other European countries which are overly dependent on Russia for their oil and gas. First of all, Euro-Atlantic institutions should pay due attention to the de-monopolisation of Caspian oil and gas, which now is totally concentrated in Moscow's hands. With regard to the Baltic States, the EU should address the issue with more urgency. The current policy of the EU calls for closing the nuclear power plant in Lithuania, for drastic reduction of emissions from oil shale in Estonia and the burning of coal in Latvia. New domestic energy resources should be developed with the help of the EU. No less important is the need to further increase business transparency in the Baltics.

The European Union upholds the view that oil and gas supply has to be diversified at least from three independent sources. To realise this attitude there was accepted the special EU programme INOGATE (Interstate Oil and Gas Transport to Europe) responsible for the diversification of supply of energy resources. After EU enlargement, the situation has completely changed: new members import about 75 percent of Russian energy resources as against about 20 percent of consumption of 'old' Europe.<sup>168</sup> Correspondingly, for the EU, significance of the INOGATE programme has increased. A part of this programme is related to the oil supply from alternative sources - Caspian Sea oil from Azerbaijan and Kazakhstan. After launching the Baku-Tbilisi-Ceyhan and the Odessa-Brody (with the possibility to extend it to Gdansk (Poland)) oil pipelines alternative options will open for the Baltic States. Under Yushchenko, Ukraine attaches particular importance to the possibility to return to the original Odessa-Brody project, i.e. to turn the flow of crude oil northwards, in this way procuring herself with alternative Kazakhstan oil and providing such an opportunity for the EU. In terms of diversification, stable South Caucasus countries may play a very important role as a zone of extraction and multi-directional transit of raw materials. Equally, expanding relations with Ukraine as a pivotal transit state, without whom the creation of an alternative network of gas and oil pipelines is hardly possible, would help secure oil and gas transit from Caspian Sea basin to the Baltic States.



It is noteworthy that, in addition to searching for alternative suppliers, Central Europe undertook a task to create a united energy concern (conglomerate) with the aim of minimising its energy dependence on Russia and protecting regional states from the domination of Russian oil and gas corporations. The companies, such as a Polish *PNK Orlen*, Hungarian *MOL* and Austrian *OMV*, already for several years are purchasing smaller Central European oil enterprises.

Lithuania's dependency on Russia's energy resources is further developed in chapter 7.

#### *6.8.2. The activities of Russian special services*

NATO and EU membership of the Baltic countries does not mean 'the end of history' in Russo-Baltic relations. Quite the reverse, upon Baltic accession to NATO and the EU there have been amplified activities of Russian special services in the Baltic States. One of 'special' activities took clear shape across the entire area from the Baltic States to Georgia. It stemmed from the Kremlin's efforts to attack or distort electoral processes and constitutional set-ups, with a view towards regaining influence and control through the use of local Russia-connected politicians. In 2003, in Lithuania elements of Russia's intelligence services and organized crime (interrelated factors in Russia) infiltrated the electoral campaign of a presidential candidate, Rolandas Paksas, and later also his staff during his short presidency. Lithuania experienced months of political turmoil before the country's democratic institutions proved their strength in 2004 by impeaching and removing Paksas from office.

Almost every year Russian 'diplomats' are expelled from Tallinn, Riga and Vilnius for spying. Moscow wants to use the Baltic countries as a bridgehead for its intelligence activities against the Alliance and as influence agents within the EU and NATO in particular. Frequent flights of reconnaissance aircrafts at the borders of the Baltic States and constant violations of Baltic/NATO airspace perfectly fits in this context. An accident of September 2005 did cause a tension when an armed Russian fighter Su-27 made an unauthorised incursion into Lithuanian airspace and crashed on her territory. Lithuania tried not to overstate this case: the Lithuanian investigation commission concluded that this was not a deliberate provocation but an accident caused by human, technical and procedural errors.

It is worth stressing Moscow's successfully applied the tactics of small violations. For instance, deliberate violations of the Baltic borders often are insignificant; blame can be put on bad weather conditions, old equipment, or Moscow may not accept that there was a violation at all. Such a 'war of nerves' between Russia and the Baltic States recurs from time to time. By these actions Russia is checking capabilities and reactions of the new NATO countries and collecting intelligence information about their military infrastructure. What is more, in this way Russia is testing NATO's 'tolerance limits', demonstrating to old NATO members that the Baltic membership of the Alliance, as well as the protection of the Baltic airspace, is of lower standards: Baltics (and NATO) are unable to react adequately and swiftly to minor violations. Moscow's argument is that it is unreasonable for NATO to patrol the Baltic air space, this questions the sense of the Baltic membership of NATO *per se*. Russia perceives inadequate or absent

reaction from the Baltics (and NATO) as their weakness, which encourages her to expand the size of violations.

### *6.8.3. Growing Russian military activity in the Baltic region*

Substantially increased Russian military activity during the recent years is being noticed not only in the CIS countries but equally in the Baltic region. Having officially reduced the number of the armed forces in Kaliningrad *oblast*, since 2003 Russia has rapidly optimised and modernised her forces in this region. During 2003-2005, the military activity of the Baltic Fleet has substantially increased. And this has taken place under Moscow's attention and supervision. Large-scale joint military exercises, using the most advanced military equipment, were observed by top military leadership including Putin himself.<sup>169</sup>

Since the middle of 2003, activities of Russia-Belarus military grouping in the Western direction have also considerably intensified. During 2003-2004, a common air defence system, including the joint anti-aircraft system, was created and the legal base of military cooperation was developed. Programmes for weaponry modernisation are being pursued, including the deployment of cutting-edge Russian operational tactical rocket complexes ('Iskander') on the territory of Belarus.

It should be stressed that there is a new important trend in the development of Russian Armed Forces: they have been intensively developed and modernised with the aim of growing military activity in the Western direction. Moreover, there is ongoing intensive and purposeful creation and development of Russia-initiated new military political and economic blocks (see 4.6 and Appendix D). Incidentally or not, these processes coincide with the increasing economic interests in the Baltic States and intensifying intelligence activities directed against them. Russia's political and military leadership upholds the view that Russia cannot abandon her interests in this region. Protection and implementation of these interests, which, according to Russia's Defence White Paper, could also include military instruments, is postponed till 'better' times. That said, there remains, at least theoretically, a possibility of Russia-related military threats for the Baltic States in a medium and long-term perspective.

### *6.8.4. Russian mass media and cultural expansion*

Moscow's continued propaganda and disinformation campaign vis-à-vis the Baltic States includes several aspects. First, there is a growing number of articles in Russian media about 'anti-Russian' policy of the Baltic States, their negative impact on 'old' EU and NATO countries. By this Russia aims to create a generally negative image of the Baltics, trying to portray them as fascist countries, pursuing destructive policies which impedes Russia's rapprochement and cooperation with the West. The Russian media keeps 'informing' the Russian public about the severe conditions of the Russian minorities in Latvia and Estonia, isolation of the Kaliningrad region, Baltic attempts to 'rewrite the history of the Second World War', neo-fascist demonstrations in the streets of Riga, even support for the Chechen terrorists.<sup>170</sup> Many Russians still blame Lithuania, Latvia and Estonia for the break up of the Soviet Union. The Baltic States are thus handy scapegoats to divert public attention from Russia's own numerous domestic



and international problems. Not surprisingly, polls indicate that Russians consider the Baltic States as the most hostile countries: Latvia is perceived as a hostile country by 49 percent of Russians, Lithuania - by 42 percent, Estonia – by 32 percent (Georgia, the U.S. and Ukraine lag further behind).<sup>171</sup>

The second aspect is related to Baltic-Soviet historical past. The Baltic States continue to view Russia as trying to regain her geopolitical presence in this part of Europe. The celebration of the 60<sup>th</sup> anniversary of the end of the Second World War in Moscow on 9 May 2005 was a manifestation of Russia's unfaltering imperial nostalgia. Despite different responses of the Baltic Presidents regarding Putin's invitation to this ceremony, Russian officials and the media castigated all three states for anti-Russian inclinations, support for fascism, disrespect of the fallen Second World War heroes and other alleged sins.<sup>172</sup> These accusations reinforced suspicions held in the Baltic States that the 60<sup>th</sup> anniversary was intended to justify the occupation rather than to offer reconciliation. Russia is still not ready for a national reassessment of her imperial past. By and large, this reveals Moscow's revisionist policy towards the history of Soviet-Baltic relations. Information campaigns against the Baltic countries trying to revise common historical past, by rejecting, first of all, the fact of Soviet occupation of the Baltic States but proves that Russia today is a revisionist state.

The third aspect reveals cultural pressure: Russia openly declares that, seeking to implement goals and protect interests of her compatriots, she is ready to more actively manipulate the Russian-speaking population residing in the Baltic countries.<sup>173</sup> The fact that in March 2005 within the Russian presidential administration there was established a board of interregional and cultural relations with foreign countries, which is responsible for the strengthening of influence in the former Soviet states, particularly in the Baltics, speaks for itself.<sup>174</sup>

By actively spreading propaganda directed against the Baltic States and creating a negative image, Moscow seeks to show a distinction between them and the rest of Euro-Atlantic community, thus, to undermine the solidarity of NATO and EU countries. One of the key goals of the Kremlin's tactics is to achieve that the Baltic States would be perceived as qualitatively 'different' NATO and EU members and, therefore, would accept specific political, legal and military commitments. This would make easier for Russia to to maintain and increase influence in the Baltic region.

#### *6.8.5. NATO-Russia rapprochement*

The NATO-Russia Council, inaugurated at the Rome summit in May 2002, significantly elevated Russia's role within NATO. This implies that the Baltic States, even as NATO members, could remain partly in the sphere of Russian interests. Therefore the Baltics view with caution such developments which may lead to NATO's transformation into an organization of political security. The Baltic countries need assurance that in the immediate future the defensive functions of the Alliance will not lose their importance and Russia will not be provided with significant influence in NATO decisions that would affect Baltic security.

The NATO that the Baltic States joined was definitely not the same NATO that existed 5-10 years ago. But in moving eastward and closer to Russia, the NATO Alliance must take care not to undermine its great strength, its cohesion and military backbone. Membership and the pledge of mutual defence, as stated in Article 5 of the Washington Treaty, must be taken as seriously as before. As for Russia, NATO has a reason to treat her carefully. The current enlargement is a test of a new NATO-Russia relationship regarding the way Russia treats the Baltic States and other new NATO members.

#### *6.8.6. Soft security threats in the Kaliningrad oblast*

It should be stressed that soft security threats are no less worrisome than hard ones because they go hand in hand. The most important soft security threat for the time being, and in the context of the war on terror, is certainly the anachronistic control of the Russian border with Kaliningrad and the lack of cooperation in this respect. A related concern is the flow of drugs and diseases (HIV/AIDS, tuberculosis) which threaten to become pandemic in this region, and the trafficking in persons that Russia cannot stop.

In the Kaliningrad region the EU faces a dilemma between the external security issue and the internal one. An isolated, socially and economically backward region could well become an external source of instability in the middle of the EU. On the other hand, loosening border control and allowing more mobility could boost the internal threats of illegal migration, organized crime, the spread of HIV, and so on. While positive changes can only occur with constant, pro-active and all-around engagement of the EU and its members, Russia does not seem to be ready to loosen her centralised grip on the *oblast*. A solution has to be found not only in terms of access to the enclave but also in terms of the transparency of the circulation of goods and people in the region as a whole. The function of the Baltic Sea region as a bridge between East, North, and West will depend on the successful and common establishment of control mechanisms.

It is also worth noting Lithuania's environmental concern in relation to Kaliningrad - oil field D-6, situated only 7 kilometres from the Lithuanian-Russian border and 22 kilometres from the Curonian Spit, a unique natural reserve protected by Unesco. Although currently the exploitation of D-6 is going without problems, nobody can assure that any accident is impossible. This would have disastrous consequences on the nature reserve. So far Russia has refused to negotiate the agreement of damage limitation in case of an accident.

#### *6.8.7. Eastern (shared) neighbourhood*

Russia is opposing to the Baltic outreach activities in the CIS European countries or in the shared neighbourhood between the EU and Russia (for more detail see 5.4). The top priority of the Baltic States is to shape their policies towards these countries in such a way that would contribute to their stability, security and economic prosperity. By this the Baltic countries diversify their foreign policy away from focussing solely on Russia, while at the same time, they help their major interest to see Russia becoming a normal country.



The Baltic countries have a natural interest in trying to make a difference in this Eastern neighbourhood and in some respects they have already delivered. First of all, the Baltic States brought a critical mass of knowledge and expertise about the new EU's neighbours. Their dedicated interest in stability, economic and social development of the Eastern neighbourhood prompted the EU to pay more attention and make practical efforts in this region. Moreover, the Baltics are trying to draw the attention of Washington and Brussels as to how Moscow treats these states. Finally, the Baltic States have already done a great deal to implement models and frameworks of cooperation in some of these countries. By sharing the experience gained from their trilateral and regional cooperation, they have been supporting and promoting democratic transformation and defence reform in the South Caucasus countries. Lithuania and Poland claim to have put Belarus, Ukraine and Kaliningrad *oblast* on the EU agenda long before they themselves became members.

Such Baltic activities irritate Moscow. This especially applies to Baltic activities in Ukraine and Georgia. Georgian president's initiative, comprising the United States, Ukraine, Georgia and the three Baltic States (the so-called format 3+3), is seen in Russia as the emergence of a new regional anti-Russian and pro-American organisation. The Russian press accused the Baltic States, who, being NATO and EU members, are trying to impede Russia-EU rapprochement, and that an anti-Russian bloc is being created in a large area from the Caucasus to the Baltics.<sup>175</sup>

#### 6.8.8. *Bilateral tensions*

There remain tensions related to the rights of Russian *diaspora* in Latvia and Estonia, their not ratified border treaties with Russia and the civil and military transit to Kaliningrad via Lithuania. Moscow keeps playing the 'ethnic card' against Estonia and Latvia in attempting to change legal set-ups of these countries. Russia obviously would like to turn them into bi-national states with parallel societies - by deepening and legalizing the ethno-linguistic divide - instead of promoting integration of local Russian communities into the Baltic countries and Europe. Notwithstanding the fact that the European Union finds Latvia's and Estonia's legislation on citizenship, language, and education fully in compliance with the EU's criteria, Moscow continually attacks these countries in international forums, as well as continues spreading its propaganda to local Russians to pressure Latvia and Estonia into changing that legislation. It hopes that preserving and codifying those ethnically-based societal divisions would provide scope for manipulation of internal politics of these countries. However, the Russian government's attempts to 'securitize' the minorities issue in Latvia and Estonia have failed: Moscow has not gained the political leverage to influence the strategic policy choices of Riga and Tallinn. Nor have minority movements turned into separatist movements. Today the procedures of the naturalisation process in Estonia and Latvia are similar to those of many other European countries. For instance, persons seeking to acquire Estonian citizenship must have been permanent residents of Estonia for at least five years, have basic knowledge of the Estonian language, be familiar with the Constitution and the Citizenship Act. Complete removal of the minority issue from the agenda of Baltic-Russian relations depends on the further pace of naturalisation in Estonia and Latvia.

On the long-standing issue of border treaties, Russia, Latvia and Estonia have gone back to the drawing board. Although Russia finally agreed to sign these treaties in May 2005, she then refused to ratify them when both countries added references to bilateral treaties which date back to 1920.<sup>176</sup> The documents (preamble and declaration) attached to the ratification law make reference to the legal continuity of the Estonian and Latvian states proclaimed in 1918, their constitution and the uninterrupted validity of the 1920 Tartu and Riga Peace Treaties (between Russia-Estonia and Russia-Latvia), which is a legal cornerstone of their states' continuity, and the 1991 restoration of the states' independence. However, both documents do not challenge the existing borders, contain no reservations to the border treaties' terms and no demands of any kind as signed with the Russian side. These Estonian and Latvian documents are of a type that many countries attach to multilateral or bilateral treaties, without prejudice to implementation of treaties.

By and large, Moscow has stonewalled the border treaties with Estonia and Latvia using similar pretexts, despite Estonia's insistence on having the treaty signed. On the legal level, Moscow continues to insist that the Tartu and Riga Peace Treaties lost their validity and that the events of 1940 meant that Estonia, Latvia and Lithuania joined the Soviet Union legally. Russia does not recognise the legal continuity of the Baltic States during their *de facto* incorporation into the USSR. Thus, Russian accusations that the documents attached to the border treaties pave the way towards Estonian and Latvian territorial claims on Russia can only be seen as part of Moscow's continued political campaign against the Baltic States overall.

All in all, the mentioned tensions are likely to emerge from time to time in bilateral relations between Russia and Latvia, Estonia and Lithuania. The issue of the accession to the CFE Treaty is also coming up for the Baltic countries. As these bilateral issues are *de facto* part of NATO-Russia and EU-Russia relations, it would become a major foreign policy challenge for the three states to remain steadfast on matters of vital importance to them.

## 6.9. Conclusions

The change in the relations between the West and the Russian Federation, the elimination of suppression and the new regional security dynamics made a direct impact both on the revival of the Baltic States and the attempts to establish themselves in the international community. EU and NATO membership were clear strategic landmarks that drove the foreign and security policies of the Baltic States during the past decade.

Russia's policy towards the Baltic States since the nineties has been confrontational in some respects and cooperative in others. When analysing the main developments in Russo-Baltic relations in accordance with the Knudsen model, the following observations could be made. Firstly, the factor of the historical record, manifesting itself through the image of Russia as a potential enemy, did play a part in Russo-Baltic relations. In the Baltic countries, this was evident through solving their legal problems (Soviet troop withdrawal), consolidating their political independence (integration with the West), and in the economic area (fear of the expansion of Russian capital). The



degree of distrust between Russia and the Baltic States has been fluctuating around a middle level, never reaching highest or lowest points. Therefore their relations might be called abstention, i.e. the parties have abstained from both complete reconciliation and conflict .

Secondly, strategic importance of the Baltic States for Russia has manifested in geopolitical, geo-strategic and geo-economic aspects. Not only was this reflected in the Russian mainstream discourse but equally in Russia's pressure on the Baltics. All this but confirms the validity of Knudsen's hypothesis: strategic importance of small states has the biggest impact on their relations with a big neighbour. But although this implies that small states remain in the field of interests of a great power in no way does this guarantee that these interests will be effectively and successfully implemented. The reality speaks for itself. Regardless of the fact that it was crucially important for the Russian army to stay in the Baltics, it nevertheless had been withdrawn. Moreover, despite Russia's assertive rhetoric and geopolitical pressure directed against the aspirations of the Baltic States to join NATO, they eventually managed to become full-fledged members of the Alliance. This leads to the conclusion that small states, their strategic importance for great powers notwithstanding, are able to conduct policy beneficial for them. This shows the limits of the Knudsen model.

Thirdly, it is worth looking at the correlation between the degree of tension of the great powers - Russia and the United States – and the level of pressure on the Baltic States. The lowest pressure was when the degree of tension between Russia and the U.S. was low (1991-1993 – troop withdrawal, and after 9/11 – softening Russia's opposition towards NATO), and the highest - when the level of tension between these two powers was high (e.g. the Kosovo crisis). However, it would be misleading to relate the changes of pressure on the Baltics solely to the degree of tension between Russia and the U.S. There are facts that do not fit in this Knudsen's hypothesis. For instance, although in 1991-1993 the tension was low, Russia, nevertheless, made tactical steps to stop her troop withdrawal from the Baltic countries. An increased pressure on the Baltics in the wake of Kosovo crisis (high tension) may also be related to growing geo-economic significance of the Baltic States and other Russia's aims. Equally, a decreased pressure in the aftermath of 9/11 (low tension) could be explained by Russia's geopolitical intentions to show herself as a reliable partner of the West. It is also important to bear in mind that the change of geo-strategic environment upon the Baltic accession of NATO and the EU alters the character of Russia's pressure on these countries.

This is to say that Knudsen clearly overestimates the role of a neighbouring great power. This model does not properly take into account that small states, due to their efficient policies, increased structural power (in the case of the Baltics, due to their accession to NATO and the EU), and positive changes in the international environment, may influence developments in a direction favourable for them. Moreover, the model does not include such an important factor as power asymmetry between great powers. This is particularly the case of U.S. - Russian relations. In every respect, the United States is far more stronger than Russia, which allows us to explain why the latter's pressure on the Baltic countries has sometimes given opposite results (as it happened with the Baltic accession to NATO). Finally, Knudsen identifies only high and low

levels of tension without taking into account their interim stages. However, the level of tension is a dynamic variable and it is necessary to foresee the process of change.

The domineering nature of Russian policy has been largely responsible for the vigorous efforts that made Latvia, Lithuania and Estonia seek NATO membership. Russia faced the 'Baltic dilemma': the more she wanted to retain control in the Baltic region, the more she felt pressure of the international system, which, in turn, weakened Russia's influence in this region. Due to unsettled matters with their Russian neighbour the Baltic States had been particularly anxious to join NATO since the early 1990s. They had little faith in the assurance that EU membership alone would provide them with sufficient security. They were satisfied with no less than the Article 5 commitment from NATO involving the United States, which they saw as the main country capable of defending them in a time of crisis. Russia has missed many opportunities to reassure the Baltic States that old conflicts are history and that Moscow now wants nothing but good neighbourly relations. Unresolved border issues with Estonia and Latvia is a case in point.

The Baltic States are keen on building their neighbourly relations with Russia based on mutual trust and benefit with the aim of increasing regional security and stability. At the same time, the Baltic countries have also to identify changed situation in their interaction with Russia and create a new strategy for a mutually acceptable *modus vivendi*. The Euro-Atlantic integration of the Baltic States is a factor number one having a positive impact not only on security of their own but also on the region as a whole. The longstanding fears that the membership of the Baltic States in NATO will cause a major crisis between the Alliance and Russia have proved to be hollow. The Baltic membership of NATO and the EU finally put an end, at least theoretically, to the speculations that the Baltic Sea region still depends on the balance of power. It is meant that for an unlimited period of time the Baltic States are withdrawn from Moscow's expansionists plans. Although inside the Russian political elite a discourse 'NATO coming closer to Russian borders' prevails a discourse 'Russia coming closer to the Alliance', the NATO enlargement in 2004 became an important step towards de-securitization of NATO and the Baltic States for Russia and visa-versa.<sup>177</sup>

To sum up, the threats that the Baltic States face in their Eastern neighbourhood are no longer of a traditional military nature. Paradoxically, the sovereignty and territorial integrity of the Baltic States – 'the pillars Estonians, Latvians and Lithuanians so anxiously sought to defend from the "Eastern" threat' – are not at stake today.<sup>178</sup> Yet, this does not mean that Russo-Baltic relations are tension-free. The tensions do remain in their interaction in 'low politics'. There is more than enough evidence to believe that Russia seeks to retain her political, economic and cultural influence in the Baltic States. Russia will hold her various tools of influence, primarily by using economic levers and Baltic dependence upon Russia's energy supply.

In 'low politics', there are a few causes that make Russo-Baltic relations so strenuous. For the Russians, it is the Baltic membership of NATO - the former Russia's foe, alleged mistreatment of Russian minorities in Latvia and Estonia, and the isolation of Kaliningrad region by Lithuania. The Baltic decision makers cannot persuade the Russians that they are willing to cooperate, and explain to their European allies and



partners that they are not inherently anti-Russian. For the Baltics, it is Russia's unwillingness to acknowledge and apologise for the crimes of the Soviet occupation and the imperial nostalgia towards the territories she once subjugated. Russian political and military leadership upholds the attitude not to abandon interests in the Baltic region. Russian government is unwilling or unable to understand that it cannot treat the Baltic States as her 'near abroad', and hence a legitimate 'sphere of influence'. Russia's economic appetite in the Baltic States is growing, and intelligence activities directed against them, as new NATO and EU members, are increasing.

For the Baltic countries, it is essential that Russia is engaged into the integration processes with NATO and the EU. In fact, since the re-establishment of independence the Baltic States have tried to prove that they have the will and the capacity to build a region that is open, friendly and cooperative. The Baltic States are very eager to take on the task of building bridges between NATO and the EU on the one hand and Russia on the other. This is already taking place in Lithuania's productive cooperation with Kaliningrad.

If the Baltic States are to fulfil their role as mediators between Russia and the West, they must normalise their relations with Russia and make sure that the vestiges of mutual mistrust are finally laid to rest. There has never been a greater need for all sides to shed historical burden and move instead to an issue-based rather than stereotype-based approach to mutual relations. The emphasis should be placed on concrete and achievable objectives, e.g. on the unsettled border issues and remaining problems of Russian-speaking minorities in Latvia and Estonia. Once these issues are settled, the Baltic States' accession to the EU and NATO will provide optimum conditions for economic growth and cooperation in the entire Baltic Sea region. The Baltic EU membership is opening new opportunities for the direct trade between Russia and the EU (via the Baltic countries).

<sup>1</sup> The guerrilla warfare in Lithuania lasted from early 1940s until late 1950s and turned out to be the longest and bloodiest anti-Soviet resistance in the post-war Europe.

<sup>2</sup> M. Gorbachev sent Soviet security forces to suppress the national movements. 19 peaceful protesters were killed in Tbilisi, in Baku - more than 100, in Vilnius - 14, while hundreds were injured.

<sup>3</sup> Buzan, B., *Security: A New Framework for Analysis* (Boulder, Colorado: Lynne Rienner, 1998), p. 12.

<sup>4</sup> Buzan, *People, States and Fear*, p. 332.

<sup>5</sup> Ibid., p. 334.

<sup>6</sup> Stefanova, B., 'The Baltic States' Accession to NATO and the European Union: An Extension of the European Security Community?', in *Journal of International Relations and Development*, Vol. 5, No 2 (2002), p. 169.

<sup>7</sup> Ibid., p. 158.

<sup>8</sup> Ibid., p. 164.

<sup>9</sup> Kværnø, 'When Security Strategies Collide', pp. 73-74.

<sup>10</sup> Ibid., p. 77.

<sup>11</sup> Ibid., p. 74.

<sup>12</sup> The author has in mind Russia's National Security Concept and Military Doctrine (both of 2000), as well as the 2003 Defence White Paper, where the pre-emptive doctrine is set out.

<sup>13</sup> The NEI launched by the U.S. in 1997 targeted six key areas of the Baltic Sea co-operation: cross-border co-operation, economic development, law enforcement; creation of civil society, environment, and public health. With regard to Russia it aimed at integrating Northwest Russia into cooperative regional security framework; promoting of democratic and market-oriented development in Russia, and strengthening Russia's relations with its northern European neighbours.

<sup>14</sup> Motieka, E., and Statkus, N., 'Global and Lithuanian Geopolitical Situation: Review of 2001-2003', in *Lithuanian Annual Strategic Review* (Vilnius: Lithuanian Military Academy, 2004), p. 29.

<sup>15</sup> The forms of pressure depend on the type of strategic importance of a small state: geopolitical importance determines geopolitical pressure, geo-strategic importance - geo-strategic pressure, and geo-economic importance - geo-economic pressure.

- <sup>16</sup> Knudsen, p. 115.
- <sup>17</sup> Quoted in Clover, C., 'Will the Russian bear roar again', in *Financial Times* (2 Dec 2000). General Ivashov was the mastermind of Russia's takeover of Pristina airport in Kosovo in 1999.
- <sup>18</sup> Reference to Carl Schmitt's essay on 'Grossraum', and Karl Haushofer's work *Continental Geopolitical Unity* form theoretical framework for Russian geo-politicians. Ibid.
- <sup>19</sup> Dugin developed a close working relationship with Gleb Pavlovsky, Putin's spin doctor. See also Kipp, J. W., 'Aleksandr Dugin and the Ideology of National revival: Geopolitics, Eurasianism and the Conservative Revolution', in *European security*, Vol. 11, No. 3 (Autumn 2002), p. 91.
- <sup>20</sup> Ibid.
- <sup>21</sup> Kreitor, N. von, 'Russia and the new world order: The geopolitical project of Pax Eurasiatica', in *Archivio Eurasia*; [http://utenti.tripod.it/ArchivEurasia/kreitor\\_rnwo\\_eng.html](http://utenti.tripod.it/ArchivEurasia/kreitor_rnwo_eng.html).
- <sup>22</sup> Ibid.
- <sup>23</sup> Dugin, *Osnovy Geopolitiki*.
- <sup>24</sup> Dugin, p. 428. Dugin borrowed an idea of 'cordon sanitaire' (that is 'Rimland') from the American geopolitician Nicholas Spykman.
- <sup>25</sup> Ibid, pp. 369-370.
- <sup>26</sup> Ibid, pp. 372-374.
- <sup>27</sup> Ibid, p. 427.
- <sup>28</sup> Mitrofanov, A., 'Anti-NATO: The New Idea of the Russian Geopolitical Tactics and Strategy at the Present', Report of the Chairman of the Committee on Geopolitics; <http://www.aha.ru/~geopolit/3eng.htm>.
- <sup>29</sup> In the next phase, he proposes to form a Berlin-Moscow-Tokyo axis, as well as to attract China and India. Axis states would re-divide Europe, South Asia, Africa and Latin America. Ibid.
- <sup>30</sup> 'Vozrodit'sya li soyuz? Budushchee postsovietskovo prostranstva' [Will the Soviet Union Be Reborn? The Future of the Post-Soviet Space], in *Nezavisimaya Gazeta*, (23 May 1996), Appendix NG-*Stsenarii* [NG-Scenarios], pp.4-5.
- <sup>31</sup> 'Washington Whispers: Back in the USSR', in *U.S. News and World Report* (13 Nov 1995), pp. 37-38.
- <sup>32</sup> Reportedly, it has been secretly commissioned by then Russian Defence Minister, Pavel Gratchev. See Bilinsky, Y., *Endgame in NATO's Enlargement: The Baltic States and Ukraine* (Westport, Connecticut, London: Praeger), p.11.
- <sup>33</sup> 'Washington Whispers', p. 37.
- <sup>34</sup> 'Vozrodit'sya li soyuz?', p. 5.
- <sup>35</sup> Ibid.
- <sup>36</sup> Arbatov, A., 'Russian National Interests', in R.D. Blackwell & S.A. Karaganov (eds.), *Limitation or Crisis? Russia and the Outside World* (Washington & London: Brassey's Inc.), pp. 55-76.
- <sup>37</sup> Kaupila, L.E., 'The Baltic Puzzle: Russia's policy toward Estonia and Latvia 1992-1997' (Helsinki, 1999), p. 27.
- <sup>38</sup> Sergounin, p. 18.
- <sup>39</sup> Ibid, p. 20.
- <sup>40</sup> Ibid, p. 23.
- <sup>41</sup> Lopata, R., 'Lithuania and the Promotion of Regional Security', in *The Great Debate*, Publication of Lithuanian Atlantic Treaty Association (Vilnius 2002), p. 56.
- <sup>42</sup> Ibid.
- <sup>43</sup> Herd, G. P., 'Russia-Baltic Relations, 1991-1999: Characteristics & Evolution', F66, Conflict Studies Research Centre (Aug 1999), p. 1.
- <sup>44</sup> Ibid.
- <sup>45</sup> Ibid.
- <sup>46</sup> There are two Russian words which characterise the state: *gosudarstvo* has a neutral meaning of a 'normal' state, while *derzhava* implies 'great power'.
- <sup>47</sup> The three leading figures of the *Derzhavniki* were: A. Volskiy, co-leader of the Russian Union of Industrialists and Entrepreneurs; Vice President A. Rutskoi, the de facto head of People's Party of Free Russia; and N. Travkin, Chairman of the Democratic Party of Russia. See Rutskoi, A., 'Ya - Tsentrism, Derzhavnik I Liberal' [I am Centrist, Derzhavnik and Liberal], in *Argumenty i Fakty*, No 37 (Oct 1992), p. 2.
- <sup>48</sup> Sergounin, p. 66.
- <sup>49</sup> Blackwill, R. D., and Karaganov, S. A. (eds.), *Damage Limitation or Crisis? Russia and the Outside World* (Washington & London: Brassey's, Inc., 1994), p. 19.
- <sup>50</sup> The conservative faction of *Atlanticists*, including Kozyrev, joined the *Derzhavniki* after the December 1993 elections, which brought success to Vladimir Zhirinovskiy. See Sergounin, p. 67.
- <sup>51</sup> Litera, B., 'The Kozyrev Doctrine: a Russian variation on the Monroe Doctrine', in *Perspectives* (Winter 1994/95), pp. 45-52.
- <sup>52</sup> Vladislavlev, A., and Karaganov, S., 'The Idea of Russia', in *International Affairs* (Moscow), Vol. 38, No. 12 (1992), p. 35.
- <sup>53</sup> 'Small States', p. 16.
- <sup>54</sup> According to the data from national and Soviet censuses, Estonia, Latvia and Lithuania had correspondingly 94% , 77% and 84 % of native population.



<sup>55</sup>For more detailed data see: Lithuanian Research Centre for Resistance and Genocide, <http://www.genocid.lt>; Estonian Museum of Occupations, <http://www.okupatsioon.ee>; also Sipavičienė, A., 'The Russian and the other East Slavic diasporas in the Baltic States', Report for the conference 'Diaspora Immigrants: a problem of Dual Loyalty?' (Berlin, Sept 1997).

<sup>56</sup> Data taken from national and Soviet censuses.

<sup>57</sup> All Russian citizens living on the Lithuanian territory at the time of independence automatically gained Lithuanian citizenship.

<sup>58</sup> Stankevičius, Č. *Derybos su Rusija dėl kariuomenės išvedimo iš Lietuvos* [Negotiations with Russia due to the Soviet troop withdrawal from Lithuania], Vilnius: Ministry of Defence of the Republic of Lithuania, 2002 (In Lithuanian). See also Vitkus, G., 'Lietuvos ir Rusijos santykiai 1990-1996' [Lithuanian-Russian relations in 1990-1996], in *Politologija*, No. 1 (1997), pp. 63-82 (Lithuanian).

<sup>59</sup> Lithuania's Russian minority that time constituted only 9.4%. See Smith, G., *The Nationalities Question in the Post-Soviet States* (2<sup>nd</sup> edition, London & New York: Longman, 1996), p. 506.

<sup>60</sup> Herd, 'Russia-Baltic Relations', p. 2.

<sup>61</sup> 'Small States', p. 18.

<sup>62</sup> Apart from some border claims emanating from nationalist groups in Russia, there have been no official claims with regard to Lithuania. The Russian Federation and Lithuania signed border treaty in October 1997. See 'Treaty on the State Border between the Republic of Lithuania and the Russian Federation', signed in Moscow on 24 October 1997, entered into force in 2003.

<sup>63</sup> 'Treaty on the State Border between the Republic of Lithuania and the Russian Federation' (Moscow, 24 Oct 1997).

<sup>64</sup> Sokov, N., 'Russian Policy Towards the Baltics: What the West Can Expect and What it Could Do', Occasional Paper (The Atlantic Council of the United States, July 1999), p. 5.

<sup>65</sup> Herd, 'Russia-Baltic Relations', p. 5.

<sup>66</sup> Sokov, p. 26.

<sup>67</sup> Sergounin, p. 50.

<sup>68</sup> Lieven, A., 'Russian Opposition to NATO Expansion', in *The World Today*, Vol. 51, No. 10 (Oct 1995), p. 197.

<sup>69</sup> For a concise summary of the concept of a 'gateway region' see Hyde-Price, A., *The International Politics of East-Central Europe* (Manchester and New York: Manchester University Press, 1996), pp. 48-49.

<sup>70</sup> The study is quoted in Urbelis, V., 'The Place of Lithuania in Russia's Strategic Studies and Documents', Security Policy Division, Ministry of National Defence of Lithuania (1999), p. 11. (in Lithuanian)

<sup>71</sup> Ibid.

<sup>72</sup> Quoted in *ibid*, p. 12.

<sup>73</sup> Trenin, D., *Baltiyskiy Shans: Strany Baltii, Rossiya i Zapad v Skladyvayushchiysya Yevrope* [The Baltic Chance: The Baltic States, Russia and the West in the Emerging Greater Europe], Carnegie Moscow Center, 1997.

<sup>74</sup> Urbelis, p. 13.

<sup>75</sup> Herd, G. P., 'Russia: The Disintegration of the Federation?', London Defence Studies Paper (Brassey's Publications Ltd., London, 1998).

<sup>76</sup> Trenin, *Baltiyskiy Shans*, pp. 47-49.

<sup>77</sup> Ibid., pp. 38-39.

<sup>78</sup> 'Strategicheskaya Liniya Rossii v Otnoshenii Stran Baltii' [Russia's Strategic Line towards the Baltic Countries], in *Ekho Litvy* (15 April 1997).

<sup>79</sup> Ibid.

<sup>80</sup> Medvedev, S., 'Geopolitics and Beyond: The New Russian Policy Towards the Baltic States', in Jopp, M. & Arnsward, S. (eds) *The European Union and the Baltic States* (Finnish Institute of International Affairs, Helsinki, 1998), p. 240.

<sup>81</sup> Herd, 'Russia-Baltic Relations', p. 3.

<sup>82</sup> 'Strategicheskaya Liniya Rossii'.

<sup>83</sup> *ITAR-TASS* (11 February 1997).

<sup>84</sup> Herd, 'Russia-Baltic Relations'. p. 4.

<sup>85</sup> Blank, S. J., 'Russia and the Baltics in the Age of NATO Enlargement', in *Parameters* (Autumn 1998), p. 51.

<sup>86</sup> Ibid.

<sup>87</sup> Herd, 'Russia-Baltic Relations', p. 3.

<sup>88</sup> Ibid, p. 4.

<sup>89</sup> Sokov, p. 20.

<sup>90</sup> Blank, 'Russia and the Baltics', p. 57.

<sup>91</sup> Sokov, p. 21.

<sup>92</sup> Ibid.

<sup>93</sup> Blank, 'Russia and the Baltics', p. 53.

<sup>94</sup> Ibid.

<sup>95</sup> Herd, 'Russia-Baltic Relations', p. 4.

<sup>96</sup> *Reuters* (27 Oct 1997).

<sup>97</sup> Yevgeniy Primakov, the Russian Foreign Minister, made a special clarification, stressing that Yeltsin's statement had nothing in common with the Molotov-Ribbentrop Pact. See Sokov, p. 22.

<sup>98</sup> Stankevičius, Č., 'Risky initiatives of searching for regional security', Statement of the Minister of National Defence of Lithuania (March 1998).

<sup>99</sup> Herd, 'Russia-Baltic Relations', p. 4.

<sup>100</sup> Ibid, pp. 4-5.

<sup>101</sup> Sokov, p. 22-23.

<sup>102</sup> Medvedev, 'Geopolitics and Beyond', p. 245.

<sup>103</sup> Blank, 'Russia and the Baltics', p. 58.

<sup>104</sup> Stankevičius, 'Risky initiatives'.

<sup>105</sup> According to Elta, Lithuanian News Agency (Vilnius, 5 December 1997).

<sup>106</sup> Bleiere, D., 'Latvia and the Future of European Security', Paper presented at the conference 'Eurasian Security in the Era of NATO Enlargement' (Prague, 4-5 August 1997).

<sup>107</sup> Stankevičius, 'Risky initiatives'.

<sup>108</sup> Stankevičius, Č., 'Discussion on engaging Russia', Statement of the Minister of National Defence of Lithuania at the Nordic-Baltic-U.S. Defence Ministerial Conference (Vilnius, 10 June 2000).

<sup>109</sup> Medvedev, 'Geopolitics and Beyond', pp. 235-269.

<sup>110</sup> Moshes, A., *Turn of the Century, Russia Looks at the Baltic Sea Region*, DUPI Working Papers, No 12 (1998), pp. 2-6.

<sup>111</sup> Herd, 'Russia-Baltic Relations', pp. 6-7.

<sup>112</sup> Ibid, p. 8.

<sup>113</sup> Varoli, J., 'Russia is moving to ship more of its oil', in *New York Times* (25 Dec 2001), pp. W1, W7.

<sup>114</sup> Antonenko, O., 'Russia, NATO and European Security after Kosovo', in *Survival*, Vol. 41, No. 4 (Winter 1999-2000), p. 135.

<sup>115</sup> The exercise included, for the first time in more than a decade, 5 military districts and 3 fleets, and a combined Russian-Belarusian group of forces. See Kværnø, p. 87.

<sup>116</sup> Kramer, M., 'NATO, the Baltic States and Russia: Framework for Sustainable Development', in *International Affairs*, Vol. 78, No. 4 (2002), p. 734.

<sup>117</sup> Sokolov, V., and Litvinov, A., 'Moskve pora potriebovat' ot Vil'nyusa kompensatsii: Mif ob "okupatsii" Baltii stal ideologicheskim obosnovaniem ne tol'ko litovskikh pretenziy k Rossii, no i massovykh narusheniy prav cheloveka', [It is time for Moscow to demand compensation from Vilnius: Myth about "occupation" of the Baltics became ideological ground not only for Lithuanian pretence to Russia but also mass violation of human rights], in *Nezavisimaya Gazeta* (28 June 2001), p. 1.

<sup>118</sup> 'Small States', p. 22.

<sup>119</sup> Ozolina, Z., 'The Regional Dimension in Latvian Security Policy', in *Harmonie Papers*, No. 8, Centre for European Security Studies (1999).

<sup>120</sup> Lejins, A., 'The Quest for Baltic Unity: Chimera or Reality', in A. Lejins (ed.), *Small States in a Turbulent Environment* (Riga, 1997), pp. 147-183.

<sup>121</sup> Miniotaite, G., 'Convergent Geography and Divergent Identities: A Decade of Transformation in the Baltic States', in *Cambridge Review of International Affairs*, Vol. 16, No. 2 (July 2003), p. 211.

<sup>122</sup> 'Strategic and Operational Implications of NATO enlargement in the Baltic Region', IFPA White Paper (June 2002), p. 4.

<sup>123</sup> Park, A., and Salmon, T.C., 'Evolving Lithuanian Security Options in the Context of NATO, WEU and EU Responses', in *European Security*, Vol. 8, No. 2 (Summer 1999), pp. 15-25.

<sup>124</sup> Ozolina, Z., 'The Impact of the European Union on the Baltic Cooperation', in *COPRI Working Papers*, p. 3.

<sup>125</sup> Miniotaite, p. 212.

<sup>126</sup> Ibid.

<sup>127</sup> Ibid.

<sup>128</sup> 'Open Fishing A Closed Issue in Gulf', in *Baltic Times*, No 92 (15-21 Jan 1998).

<sup>129</sup> Franck, E., 'Maritime Boundaries in the Baltic Sea', Paper prepared for the conference 'Boundaries and Energy: Problems and Prospects' (Durham (UK), 18-19 July, 1996).

<sup>130</sup> Sea border agreement between Latvia and Lithuania was signed in 1999 but is not yet ratified by Latvia.

<sup>131</sup> 'Small States', p. 25.

<sup>132</sup> Larabee, S. F., *NATO's Eastern Agenda in a New Strategic Era*, RAND, 2003, p.51

<sup>133</sup> See vocabulary and also Buzzan, B., Wæver, O., and de Wilde, J., *Security: A New Framework for Analysis* (Boulder, Colorado and London: Lynne Rienner, 1998).

<sup>134</sup> Clemmensen, M., and Kværnø, O., 'Debate: NATO Enlargement: - With or Without Baltic Dimension?', in *Baltic Defence Review*, Vol. 5, No. 5 (Tartu: Baltic Security Society, 2001). pp. 46.

<sup>135</sup> 'Duma issues statement on Russia-NATO relations', in *Itar-Tass*, Moscow (31 March 2004).

<sup>136</sup> 'Russia's defence minister questions reality of strategic partnership with NATO', in *RIA Novosti* (7 Apr 2004).



<sup>137</sup> Vitkus, G., 'Changing Security Regime in the Baltic Sea Region', in *Lithuanian Annual Strategic Review* (Vilnius, 2003), pp. 131.

<sup>138</sup> In 1998, the Baltic Charter of Partnership was signed between the United States and Lithuania, Latvia and Estonia. Although the Charter did not guarantee that the Baltic States would eventually accepted to NATO, it was strong commitment from U.S. part to create the conditions that would help the Baltic countries join NATO. See 'Remarks by President Bill Clinton at signing ceremony of the U.S. Baltic Charter of Partnership', Washington D.C., 16 Jan 1998.

<sup>139</sup> 'No more Munichs. No more Yaltas – lift up your hearts', Remarks by the President in address to the faculty and students of Warsaw University (15 June 2001).

<sup>140</sup> Kramer, p. 743.

<sup>141</sup> Kundsén, p. 115.

<sup>142</sup> Jakobson, M., *Finish Neutrality: A Study of Finish Foreign Policy since the Second World War* (London: Hugh Evelyn Ltd, 1968), p. 38.

<sup>143</sup> France seemed a most real ally: at the time of the Kosovo crisis Mr. J. Chirac, French President, visited Moscow.

<sup>144</sup> 'Novye usloviya diktuyut novyy podkhod' [New conditions dictate new approach], in *Rossiyskaya Gazeta* (3 Apr 2001). This meeting came less than two months after a much chillier meeting between Putin and Latvian President Vaira Vike-Freiberga in Austria.

<sup>145</sup> Speech of the President of the Republic of Lithuania Valdas Adamkus at the State International Relations Institute in Moscow, in *Lietuvos Rytas* (30 March 2001), pp. 1-2 (in Lithuanian).

<sup>146</sup> Ash, T. G., 'A New War Reshapes Old Alliances', in *New York Times* (12 Oct 2001).

<sup>147</sup> Non-recognition of the Baltic occupation after the Second World War resulted in a their specific political status - today the Baltic countries are not parties or continuation of any military treaty signed by the USSR, including the CFE Treaty. Like Finland or Sweden they are not calculated into the East-West military balances.

<sup>148</sup> Ivanov, S., 'Russia and NATO: strategic partners in response to emerged threats', Talking points for remarks (IISS: London, 13 July 2004).

<sup>149</sup> Moscow denies such linkage, saying that Istanbul commitments are nothing to do with the CFE Treaty *per se* and that Russia fulfilled the flank limitations under the treaty. See Ivanov, S., 'International Security in the Context of the Russia-NATO Relationship', Speech at the Munich Security Conference (7 Feb 2004).

<sup>150</sup> Comments of Russian Defence Minister Sergey Ivanov, Broadcast on evening news summary, ORT (Russian public television), 28 July 2002.

<sup>151</sup> Address of the Lithuanian President Valdas Adamkus to the 'Vilnius-10' Summit in Sofia, Bulgaria (June 2001).

<sup>152</sup> 'The Priority Tasks of the Development of the Armed Forces of the Russian Federation', p. 26.

<sup>153</sup> Ibid, p. 45.

<sup>154</sup> Kissinger, H., 'What to Do With the New Russia', in *The Washington Post* (14 Aug 14, 2001); <http://www.expandnato.org/whatdorusia.html>.

<sup>155</sup> Janeliūnas, T., 'Redistribution of geopolitical power in CEE', in *Lithuanian Political Science Yearbook 2002* (Vilnius, 2003), pp.142-153.

<sup>156</sup> Chubais, 'Misiya Rossii'.

<sup>157</sup> See definition in vocabulary.

<sup>158</sup> Smith, C. K., *Russian Energy Politics in the Baltics, Poland and Ukraine: A New Stealth Imperialism?* (Washington, D.C: Center for Strategic and International studies, December 2004), p.VIII.

<sup>159</sup> 'Baltic Sea Region', The Energy Information Administration of the U.S. Department of Energy; <http://www.eia.doe.gov/emeu/cabs/baltics.html>.

<sup>160</sup> Ibid.

<sup>161</sup> Smith, *Russian Energy Politics in the Baltics*, p. 20.

<sup>162</sup> Medetsky, A., 'Dissecting Siloviki's Pyramid of Power', in *Moscow Times* (24 Dec 2003), p. A1.

<sup>163</sup> See <http://www.eia.doe.gov/emeu/cabs/baltics.html>

<sup>164</sup> To be built jointly by *Gazprom* and Germany's BASF corporation, that 1189- km subsea section of the pipeline is scheduled for completion in 2010 and will carry gas from the Russian Federation's South-Russia fields to Germany and Western Europe. Branches to be built later will carry Russian gas to Finland, Sweden, and Great Britain.

<sup>165</sup> The project is dangerous as it risks disturbing tones of chemical weapons sunk in the Baltic Sea by the Russians following the Second World War. It is also a threat to the sea's ecosystem. Overall, the dangers are more serious as they are unpredictable, since a thorough environmental risk assessment is missing in this project. See Muring, L., and Schaer, D., 'The effects of the Russian Energy Sector on the Security of the Baltic States', in *Baltic Security and Defence Review*, Vol. 8 (Baltic Defence College, 2006), p. 75.

<sup>166</sup> Zeihan, P., 'Russia's Gas Strategy: Turning up the Heat on Ukraine', in *Stratfor Geopolitical Intelligence Report* (4 Jan 2006).

<sup>167</sup> 'Lessons for EU from energy crisis', in *BBC News* (4 Jan 2006).

<sup>168</sup> 'Oil and gas needs give Moscow influence', in *Financial Times* (21 Feb 2005).

<sup>169</sup> Jakulevičius, Bučiūnas, p. 184.

<sup>170</sup> The accusation on the support to the Chechen terrorists is based on the fact that a Chechen website <http://www.kavkazcenter.com> for some time operated from Lithuania. Now it is located in Finland.

<sup>171</sup> The Levada Center, <http://www.levada.ru/press/2005060100.html>.

<sup>172</sup> The Lithuanian and Estonian Presidents, V. Adamkus and A. Rūütel, rejected V. Putin's invitation, while the Latvian President, V. Vike-Freiberga, accepted it, explaining that it was necessary to remind the world what the end of the World War II meant to Latvia and other Central and Eastern European countries.

<sup>173</sup> In the beginning of 2004, Ms Mitrofanova, first Deputy Foreign Minister, declared that a concept on dealing with Russian diaspora in the Baltics was being prepared. The concept focuses on different target groups (businessmen, representatives of media, culture, art, etc.), which may have some influence on societal and political processes within the Baltic countries.

<sup>174</sup> The head of the board is Modest Kolerov, an expert of public relations technologies, is well known by his radical ideas. Since 2002, Kolerov has chaired Russian information agency 'Regnum', which largely focuses on the 'interpretation' and spreading negative information about Russia-related domestic and foreign events and processes in the Baltic countries, especially their confrontational policy towards Russia. Kolerov is also a close associate to Gleb Pavlovsky, President of Effective Policy Foundation and Putin's advisor. They both lead a so-called 'project committee', which unites pro-imperial Russian analysts. In 2005, Pavlovsky presented a new tactics of Russia's relations with post-Soviet countries: to cooperate more actively not only with their government officials but also with NGOs and media.

<sup>175</sup> *Rossiyskiye Vesti*, No. 1-2, 2005.

<sup>176</sup> The border treaty between Russia and Estonia was signed on 18 May 2005 but Russian Duma refused to ratify it because of the attached preamble. Similarly, Moscow consented to sign the border treaty with Latvia in May 2005 but reacted by refusing to sign it due to the Latvian government's attached an interpretative declaration, referring to the 1920 Treaty.

<sup>177</sup> Khudoley, K., Dr., and Lanko, D., Dr., 'Russia, NATO Enlargement and the Baltic States', in *Baltic Defence Review*, No. 11, Vol. 1 (Tartu: Baltic Security Society, 2004), pp. 122-126.

<sup>178</sup> Paulauskas, K. *The Baltics: from Nation States to Member States: Rethinking Russia, Revamping the Region, Reappraising the EU*, EU ISS Occasional (June 2005), p. 21.



## CHAPTER 7

### LITHUANIA'S RELATIONS WITH RUSSIA: A CASE STUDY

#### 7.1. A great power – small state context

The key factor in Lithuanian-Russian relations is big power asymmetry, which allows Russia to consider herself a great power and defines Lithuania as a small state. Although Russia has lost the superpower status in the international arena, she remains a great power in relation to neighbouring small states.

Hans Mouritzen, the author of the 'Finlandization' theory, singles out four scenarios of coexistence between a great power and a small state: domination (full dependence on the influence of a great power); isolation (self-reliance of a small state, e.g. Switzerland); balancing among various influences of great powers and, finally, obedience to a great power (e.g. Finland during the Cold War).<sup>1</sup> In her relations with Russia, Lithuania had to implement one of these scenarios. Having experienced Russia's domination during the Soviet occupation period, Lithuania tried to avoid the first scenario. Equally, due to historical experience and geopolitical situation, Lithuania's isolation was almost implausible, and would produce no benefit in the future. In 1994, officially declaring herself set on course of Euro-Atlantic integration, Lithuania rejected the scenario of an adaptive policy to her great neighbour Russia.<sup>2</sup> Thus, the remaining option was one of balancing between different power centres - Russia, Europe and the United States.

Differently from Latvia and Estonia, because of the high level of homogeneity of her population, Lithuania has been free to concentrate on other important issues instead of being preoccupied with the ethnic one. This also gave Lithuanian politics a high degree of coherence and stability. These circumstances have significantly contributed to the process of fairly successful cooperation between the two countries. This chapter presents a case study of Lithuanian-Russian interaction focussing on two key areas: Lithuania's cooperation with the Kaliningrad *oblast* and her dependency on Russian energy resources.

The Kaliningrad *oblast* plays an important strategic role in the policy pursued by Russia with respect to Lithuania. Just as the Russian minority issue was Moscow's tool to exert pressure on Latvia and Estonia, the question of civil and military transit to the Kaliningrad region was a tool Russia sought to change Lithuania's pro-Western geopolitical orientation. Meanwhile, Lithuania took a cooperative approach to the *oblast* and, with the help of the international community, successfully tackled this problem. Since 1997, Lithuania has been deliberately working to make the Kaliningrad *oblast* to be seen as an example for regional and European cooperation. Lithuania has been able to reshape the image of Kaliningrad: the emphasis laid on cooperation in the economic-social area has neutralised the focus on the military dimension.

The second topic – Lithuania's energy dependency on Russia – is a major weakness for the country. Although membership of NATO and EU brings much higher degree of security to Lithuania, her dependency on Russian energy resources gives Moscow an opportunity to wield not only economic but also political influence, which, arguably, is even more dangerous. Lithuania's energy dependence has a direct impact on halting her economic 'de-occupation', which, in turn, precludes full 'de-occupation' of state.<sup>3</sup> Even if legal and political 'de-occupation' (i.e. legal and political independence) of Lithuania is achieved, the continuing economic dependence means that full 'de-occupation' of the state is still not complete. Economic independence of a small state is diversification of economic relations, when a bigger neighbour no longer dominates a smaller state's economy, particularly in strategic spheres such as the energy sector. In respect of Lithuania, economic 'de-occupation' began after the restoration of independence with the turning points during Russia's financial meltdown in 1998 (after which Lithuania restructured her trade) and the beginning of the privatisation of strategic objects in the Lithuanian energy sector. It is the latter processes that opened out Russia's striving to maintain her economic influence in the territory of a smaller neighbour. This chapter looks into consequences for Lithuania's national security in relation to her energy dependency on Russia.

## **7.2. Lithuania - Kaliningrad dialogue**

### ***7.2.1. Geo-strategic context: key parameters and players***

The common problems that are characteristic of territorial political anomalies, which a home state, an exclave/enclave and a host state or states surrounding a territorial anomaly encounter, are: the administration and security of an exclave/enclave, its economic situation, the identity of its residents and communication with a separate home territory.<sup>4</sup> Home states usually seek to neutralise threats to preserve sovereignty by all possible means, to establish administration of an exclave/enclave without prejudice to the principles of political-territorial control prevailing in a home state and ensuring effective relations with it. The role of a host state manifests itself in the reaction to the actions of a home state seeking to ensure communication with an exclave/enclave. With regard to Kaliningrad, one has to deal here with a triangle: the home state (Russia), the host state<sup>5</sup> (Lithuania) and the exclave/enclave (the Kaliningrad *oblast*). A major role in this triangle is played by Russia (home state) through her strategy and tactics. If one asks the question what kind of role the Kaliningrad *oblast* plays in domestic policy of Russia, the answer is obvious: the motive of 'non-self-determination of the home state' prevails.<sup>6</sup> In relation to foreign and security policies, the *oblast* performs several tasks: maintaining military balance and safeguarding Russia's political-economic interests in Northern Europe, serving as a constituent part in Russia's Western strategic direction and being an essential component of the Russia-Belarus military grouping. It should also be noted that the EU and NATO enlargements has brought additional sensitivities of the Kaliningrad problem.

The Kaliningrad exclave is of the very exceptional nature: its link with continental Russia has a historically determined limited context. In fact, former Eastern Prussia, including Königsberg, was ceded to the Soviet Russia in the aftermath of the Second



World War to ensure the temporary subordination of the Eastern Baltic region to the USSR.<sup>7</sup> Moscow has never had any other historic rights to that territory. Hence, any references today to the allegedly existing past link between the *oblast* and the motherland would concurrently imply the continuing dependence of the Eastern Baltic region to Russia.

Since the early nineties the Kremlin has had two major strategies with respect to Kaliningrad. According to the first strategy, the *oblast* is seen as an outpost or a peculiar strategic region ('high politics'), according to the second, the *oblast* is an experimental platform of economic reforms ('low politics'). It should be stressed that throughout fifteen years Moscow has never formulated a real policy towards Kaliningrad and often oscillated between these two options. On the one hand, in Russia's geo-strategy Kaliningrad is a tool for her to carry on the tradition of a great power. On the other hand, it is the interior aspect, i.e. social-economic development or 'low politics', that might be of more significance to Moscow but it is pre-empted by the exterior one.<sup>8</sup> In fact, Moscow does not oppose or even encourages that the Kaliningrad *oblast* should be treated as a peculiar region of Russia but at the same time it prevents this peculiarity from being realised in order to firmly tie the exclave to the home state. The federal centre, while granting the Kaliningrad *oblast* the status of a special (extraordinary) economic zone, demanded that all the actions in the exclave should be coordinated with it. Hence, the peculiarity of the *oblast* 'manifested itself in its closeness' and the term 'zone' had to be understood in the most primitive sense of the word.<sup>9</sup>

Lithuania, for her own part, has been concerned about the place of the 'host state' in Russia's dual strategy projections. Apparently, in solving the problem of preserving its sovereignty and assurances of connections with Kaliningrad, Moscow turned the *oblast* into a 'geopolitical hostage'.<sup>10</sup> Russia was seeking to take advantage of the issue of communication, i.e. military transit from the Russian Federation to the Kaliningrad *oblast* via Lithuania, visas and civil transit, by trying to stop the process of Lithuania's Euro-Atlantic integration. In this respect, the assessment made by the famous RAND Corporation analysts, Ronald Asmus and Robert Nurick, is very instructive. They stated that the Kaliningrad *oblast* is an advanced strategic military post, a concentration of Russia's huge military power, which turns the Baltic States into a 'special case'.<sup>11</sup> Taking into consideration the intensity of diplomatic pressure exerted by Moscow on candidate counties, particularly Lithuania, and on the European Union, it is difficult to deny that the Kaliningrad issue is not a 'self-contained goal but only a measure taken by Moscow to influence the development process' of the Baltic States.<sup>12</sup>

In geo-strategic terms, for Russia NATO enlargement to the Baltics implied a number of things: the encirclement of the Kaliningrad *oblast* by NATO countries; NATO's ability to use the former military bases of the USSR (Zokniai airport was of particular significance for Russia<sup>13</sup>); isolation of Russia's Baltic Military Fleet in the gulfs of Finland and Kaliningrad; increased vulnerability of the Leningrad Military District.<sup>14</sup> Ultimately, it was Russia's geo-strategic retreat. The approach of NATO military forces would threaten Russia's defensive power – her defensive line is 1500 km closer than that of the USSR. In addition, NATO enlargement went parallel with the downsizing of Russia's Baltic Fleet in the region, as well as the weakening of the entire Russian Armed Forces. To minimise the threat resulting from NATO enlargement, Russia

indicated that one of the possible solutions would be the revival of Kaliningrad in the role of a military outpost or the deployment of tactical nuclear weapons in the *oblast*. Due to Lithuania's membership of NATO Russia used to emphasise the potential problem of isolation of Kaliningrad.<sup>15</sup>

The following two parts of this chapter will analyse Russian efforts aimed at undermining the implementation of Lithuania's key national interests - her integration in the EU and NATO – and how Lithuania managed to respond to these challenges. The three central topics here will be addressed: first, the success story of Lithuania's cooperation with the Kaliningrad *oblast*, which largely laid good grounds for the solution of sensitive issues with the Russian Federation; second, the analysis of factors whose interaction enabled the solution of the visa problem; third, how Moscow seeks to politicise the issue of military transit to/from the Kaliningrad *oblast* via Lithuania.

### 7.2.2. Pragmatic neighbourly relations

Lithuania was one of the first states which adequately understood the problem of Kaliningrad *oblast*, and the first of foreign countries to propose a most rational principle of cooperation – the one of transforming problems into advantages.<sup>16</sup>

The Kaliningrad *oblast* is the only Russian region that has a direct border with Lithuania (see map 4, p. 242). At the same time, Lithuania is the only EU country bordering Russia to the West. It is largely due to this circumstance that Russian–Lithuanian relations to a great extent have a Kaliningrad-related content.<sup>17</sup> Because of geopolitical, political, economic and cultural reasons Lithuania is concerned with the prevailing trends in the *oblast's* development. The direct contact with Russia strengthens some threats to Lithuania: military threats due to the militarisation of the *oblast* and military transit via Lithuania; social threats because of the region's poverty and economic threats because of the competition between the ports of Klaipėda and Kaliningrad. Most important, the Kaliningrad region creates conditions for Russia to control or at least to have an impact on the states that separate the *oblast* from 'big' Russia. This prompts Moscow to treat these 'transit' states in her foreign policy as a sphere of Russia's vital interests.

To escape from this zone of interests Lithuania's policy model vis-à-vis Kaliningrad should be focussed on two directions. The first should be aimed at the demilitarisation of Kaliningrad or, at least, the decline of the influence of the military sector to the functioning of the *oblast*. Other Lithuania's major tasks is, by supporting Kaliningrad's status as a 'pilot' region in Russia's relations with the EU, to integrate the *oblast* in Central and Eastern European sub-region.

The enlargement of the European Union creates a pressing need for in-depth modernisation of the Kaliningrad *oblast*, the implementation of which Russia is not ready and lacks capacity. Moscow has limited itself to seeking 'special solutions', being concerned that EU enlargement might lead to the isolation of Kaliningrad. Since neither Russia nor the EU are interested in the potential worsening of the socio-economic situation in the *oblast*, successful crisis prevention should be of interest to all regional actors. Lithuania, sharing the same attitude as Russia towards regional economic growth, has been trying to find a solution to the Kaliningrad problems after EU



enlargement, and is a dedicated player in the region.<sup>18</sup> It is in Lithuania's interest to contribute to the smooth development of the *oblast* by engaging it in cooperative projects, regional and cross-border activities, and promoting people to people contacts. It was expected to help mitigate emerging Russian fears that the *oblast* might become closed or isolated. Starting from the mid-1990s, joint efforts resulted in the formation of a solid legal framework to regulate the Kaliningrad-related Russian-Lithuanian relationship in various spheres on the basis of good neighbourliness and mutual benefit.



Map 4. The Kaliningrad enclave within the European Union<sup>19</sup>

The regionalisation of Russia provided opportunities for Lithuania: chances of involving Russian regions on a micro-level in a cooperative framework are higher than on a macro-level (directly with the Kremlin). A number of smaller regional projects have been made in the border areas in the Baltics, as well as on the Lithuania-



Kaliningrad border. Lithuania has been participating in three Euro-regions – ‘Baltika’, ‘Saulė’ and ‘Neman’, where Kaliningrad is involved as well. Moreover, in 1999, a joint association of NGOs and academic institutions was created; in 2000, the Cooperation Council<sup>20</sup> between Lithuania and Kaliningrad was established; and in 2001, a joint inter-parliamentary forum was formed. Finally, in March 2001, the Moscow summit meeting between the Lithuanian and Russian presidents gave a major boost for Lithuania’s cooperation with the *oblast*.

Lithuania agreed to apply the same railway tariffs for Russian transports to Kaliningrad as for Klaipėda, to introduce automatic cargo control, which would speed up customs clearance considerably, and offered to sell electricity to Kaliningrad at a minimum price. This friendly policy towards the *oblast* can be said to have ‘killed four birds with one stone’: it satisfied economic interests, made Lithuania’s accession to the European Union (and NATO) more palatable to Russia, established Lithuania as a channel for EU support for Kaliningrad, and contributed to Lithuania’s own EU accession.<sup>21</sup>

Lithuania’s relations with the Kaliningrad *oblast* are concentrated on three levels: governmental, parliamentary and regional. Vilnius promoted the idea of Kaliningrad as an economic bridge for the development of East-West relations. Lithuanian politicians argued that the ‘Kaliningrad problem’ should be seen as a ‘window of opportunity’ to improve Europe’s relations with Russia by engaging her in a common endeavour. By and large, cooperation with the *oblast* in the areas of trade, transport, infrastructure, and so on, has been successful, gradually turning the enclave, economically and politically, into a part of the Baltic region. Lithuania is one of the main trade partners and among the major investors in the *oblast*, holding the third position after Germany and Cyprus. It is noteworthy that Lithuania’s investment in Kaliningrad constitutes some 20 percent of the total amount of Lithuanian foreign investment abroad – the largest Lithuanian investment in the world. By the end of 2004, more than 650 joint ventures or Lithuanian owned companies had been established.<sup>22</sup>

Another important direction of Lithuania’s activities in the region is the consolidation of a pro-European social-political elite and promoting the formation of Kaliningrad identity. These activities include maintaining regular contacts between parliamentarians, NGOs and journalists, and Lithuania’s launched training courses for local administration officials and businessmen. These undertakings have helped considerably improve mutual confidence and understanding. What is more, the emphasis laid by Lithuania on cooperation in the social-economic area has neutralized the focus on the military dimension solely. In other words, it helped to shift the Kaliningrad problem from ‘high’ to ‘low’ politics. More generally, by these actions Lithuania aims at creating preconditions for her closer cooperation with Kaliningrad, promoting tendencies of political autonomy within the *oblast* and its integration into the Baltic region.

The Communication of the European Commission on Kaliningrad largely reflects Lithuania’s attitude and the degree of cooperation with the *oblast*. However, Moscow’s stance remains an obstacle to further strengthening cooperative relations. The new amendments of the law on the SEZ in the Kaliningrad *oblast* established preferential treatment for ‘large-scale’ (read Russian) capital at the expense of small and medium



enterprises (read Polish and Lithuanian), which now dominate in the region.<sup>23</sup> In addition, the Russian foreign minister Sergei Lavrov has warned the leaders of the Russian regions not to pursue any relations with the Baltic States that would not be at first endorsed by Moscow.<sup>24</sup> A telling fact is that the Kremlin did not invite the Polish and Lithuanian presidents to the celebration of 750<sup>th</sup> anniversary of the establishment of Kaliningrad (Königsberg) city on 1-3 July 2005.

It should be noted that a strategically new perspective of the Kremlin's policy towards Kaliningrad has appeared with Putin's appointment of the ambitious and energetic new governor of the *oblast*, Georgiy Boos. If earlier temporary obstacles, neighbouring Lithuania in particular, has complicated Moscow's attempts to draw a geopolitical line with the *oblast*, now concrete directions to the West opening up possibilities to neutralise intermediate factors have been found. One of the most visible directions is the North European gas pipeline under the Baltic Sea. Thus, the Kaliningrad *oblast* is actually becoming geopolitically connected to Russia and is very important to the development of her strategic relations with the Western Europe.

### 7.2.3. Cooperation in multilateral fora

By the end of the 1990s, Kaliningrad finally found its way on the agenda of the EU and the CBSS. Following this line, Lithuania took part in many frameworks addressing the Kaliningrad *oblast*: first and foremost, the EU'ND Initiative, the CBSS and the NEI of the U.S. It is during Lithuania's presidency in the CBSS in 1998–1999, Kaliningrad became a priority area with the aim of promoting regional and cross-border cooperation projects with the enclave. Since then, Lithuania has constantly been contributing to the development of Kaliningrad in the framework of the CBSS.<sup>25</sup>

Lithuania's cooperation with the *oblast* is largely modelled and developed in accordance with the Nida Initiative (NI) launched in 2000. The NI exceeds the scope of bilateral relations and is aimed at co-ordinating in practice the development of the Kaliningrad *oblast* as a 'pilot' region under the auspices of the ND Initiative: to bring the *oblast* closer to the neighbouring regions and to strengthen cross-border cooperation.<sup>26</sup> Vladimir Nikitin, a former member of the Kaliningrad Duma, claimed that the *oblast's* cooperation with Lithuania should be considered as a model for regional cooperation.<sup>27</sup>

Regional and cross-border cooperation with Kaliningrad directly concerns several countries of the EU's ND Initiative.<sup>28</sup> The list of the projects on cooperation with Kaliningrad perfectly illustrates the wide range of common interests between Lithuania and Russia: the 2K (Klaipėda and Kaliningrad) project to unite both seaports into a single smoothly functioning transport infrastructure system; construction of transport corridors across the *oblast*; deepening of the mouth of the tributaries of the river Nemunas; plans for the creation of a specialised AIDS prevention centre, with branches in Klaipėda and Kaliningrad; as well as joint training programmes for border and customs officials operating on the Russian–Lithuanian and Russian–Polish borders.<sup>29</sup> Analysis of the implementation of these projects shows great progress achieved in the transport field. This is largely due to the fact that Lithuania and Kaliningrad are situated at the heart of a very important transport hub in the Baltic Sea area. The future

economic development in this area is expected to involve an expansion of common infrastructure projects, e.g. trans-European transport corridors<sup>30</sup>, and a long-term energy transmission project (a Baltic electricity grid), designed for the further integration and cooperation of the regions around the Baltic Sea. Regular Lithuanian-Russian business roundtables serve as a powerful instrument in promoting economic cooperation.

On the whole, if at the micro level Kaliningrad is a 'natural laboratory' for Russia-EU integration, so for Lithuania, Kaliningrad has lately become a 'window of opportunity', with the possibility of facilitating the development of all levels of cooperation with Russia.<sup>31</sup> Lithuania sees herself as an interlocutor between the *oblast* and the European Union and is determined to continue this policy of engagement. However, the ambitious projects of the ND Initiative rely upon the support of PHARE, TACIS and other EU assistance programmes and funds, which need better synchronisation. Lithuania and Russia are still waiting for practical progress of the ND Initiative, which yet has not been efficient. The potential of the CBSS, which proved to be a strong contributor to a positive development of EU-Russia relations, could be better utilised.

To minimise the *oblast's* socio-economic backwardness, to promote its development as a 'pilot' region and to integrate it into CEE sub-region, these factors are of vital importance. The first is the context of Lithuania-Russia and EU-Russia relations. It is obvious that without Russia's willingness the Kaliningrad *oblast* will not be integrated into the EU. The second is Lithuania's ability to engage Poland, and, possibly, the whole EU, in this process. Acting on her own Lithuania will not be able to influence substantially the *oblast's* development. Lithuania has to initiate, support and promote such EU projects that create conditions for Kaliningrad's close integration into the EU.

#### 7.2.4. Movement of persons

The geographical location of the Kaliningrad *oblast* predetermines that the free movement of people is one of the most sensitive issues resulting from EU enlargement. Upon the accession of Lithuania and Poland to the EU, the *oblast* found itself surrounded by EU members. Once Lithuania and Poland join the Schengen zone, there will be a unified visa area with strict border control. Along with Lithuania's commitment to apply the requirements of the Schengen *acquis* on her territory, the introduction of a visa regime for Russians crossing Lithuania became inevitable. It implied that commuters to Kaliningrad from Russia and *vice versa* would need visas or special travel documents to pass through Lithuania and Poland.

Since 1992 Lithuania and Latvia accepted visa free transit for trains between Kaliningrad and the rest of Russia. Russia granted Kaliningrad custom-free trade, which boosted border trade but made the *oblast* dependent on imports from abroad. However, as the Baltic States sought to join the EU, they also had to adopt its Schengen border regime. Lithuania decided to demand visas for transit since January 2003 and for visits to the country from July 2003. This evoked anxiety protests in Russia, since the *oblast* was dependent on free trade, on the cooperation with neighbours and with Russia.

It is in this discourse that the notion of Kaliningrad's sovereignty acquires key importance. Being concerned that the Baltic enclave's one million people is cut off from the Russian mainland, Moscow claimed that the visa issue is a violation of sovereignty.



But it seems that by toughening its stance on Kaliningrad Moscow wanted to prevent even the slightest threat to the country's territorial integrity: separated from Russia, Kaliningrad may press for independence, setting a precedent for other regions. Moreover, Moscow was likely to worry that the *oblast*'s acquisition of special status would undermine the results of regional reforms, whose main goal is to place federal subjects on an equal footing, which is arguably one of Putin's major achievements during his presidency. This forced the Kremlin to take a dubious stance by combining two principally different problems: the transit of Russian citizens between the Kaliningrad *oblast* and the mainland, and a completely different matter - the transit of residents of the *oblast* (Russian citizens) to EU countries.

It goes without saying that after Lithuania and Poland concluded accession negotiations with the EU, the only framework to discuss movement of people was Russia-EU dialogue. From the very start, Moscow considered transit visa requirements totally unacceptable. It is worth noting that the Kaliningrad problem dominated EU-Russia relations to such an extent that it prevented any dialogue from taking place at a practical level on many other issues.<sup>32</sup> Moscow asserted that it would not allow Kaliningrad to become subject to a EU 'blockade' and embarked on tough negotiations with the European Commission, bringing intense pressure on Brussels and selected EU capitals - Paris and Berlin in particular. This was the first time that the European Union and Russia were engaged in negotiations over a concrete question that went to the heart of EU doctrine - the Schengen agreement and the EU's external boundary. It also encroached on the sovereignty of Lithuania. The dispute brought Russia face to face with reality. She had been ignoring Kaliningrad for years and had simply been putting off negotiations over a readmission treaty with the EU.

From the outset of negotiations visa problems were over-politicised. Moscow itself called the issue 'political'. President Putin even defined the visa dispute with Brussels and Vilnius as a test for EU-Russia cooperation, saying that the Union's rejection of Kaliningrad transit would be 'a rejection of Russia's European choice'.<sup>33</sup> In a sense it proved that Putin also has his 'red lines' but, contrary to Primakov, he does not speak about them.<sup>34</sup> Apparently, these 'red lines' are the former Soviet space and the Kaliningrad *oblast*.

The issue of securing the borders of Schengen countries was of a technical nature, and the answer to it had to be technical, found within a limited period of time. Although the Schengen agreement is a legal barrier, it can be dealt with. However, rather than getting into practical talks, Russia was only putting demands without doing her homework, i.e. modernising border crossings, creating conditions for expanding consular network, and combating illegal migration and organized crime in the *oblast*. Similarly, the Russian passport system was outdated and unreliable.

A major question here for all interested parties - Lithuania, the European Commission, the Russian Federation and Poland – was how the introduction of visas could affect the development of the Kaliningrad *oblast* and its relations with the surrounding region.<sup>35</sup> In this respect, two principles should be preserved: not to infringe Lithuania's sovereign right to exercise the necessary control of the border, including the refusal of entry into her territory, and to simultaneously create favourable conditions for cross-border

movement to open Kaliningrad for cooperation. Because of traditional transit routes through Lithuanian territory, this question is of less importance for Poland and targeted directly at Lithuanian–Russian and, consecutively, EU–Russian relations.

The desire of Russian political elite to establish privileged visa free access between Russia and the Kaliningrad *oblast* via Lithuania, a EU member country, deserves special mention. Two key issues were singled out: first, transit to/from the exclave has to be implemented by using, according to Moscow's demand, 'corridors' or 'sealed trains' (i.e. visa-free transit by high-speed trains); second, ensuring free movement between the *oblast* and Lithuania, Poland, and the EU, which is the key factor in the economic development of Kaliningrad. The talks about 'corridors' made the Poles and Lithuanians worry about the violation of their sovereignty and reminded them of Danzig corridor in Poland in the 1930s.<sup>36</sup> Another option – visa-free transit by high-speed railway - is also a rather complicated legal, technical and financial issue.

It should be stressed that Lithuania got a chance to reap the benefits of the structural power the EU provides to its individual members even before the actual accession. The European Commission adopted a strong stance to separate the issue of Lithuania's accession from the issue of Kaliningrad transit, while providing Lithuania with the possibility to participate indirectly in the negotiation process with Russia. In the course of negotiations, Lithuania demonstrated good will in seeking flexible solutions to a visa regime for Kaliningrad within the limits of Schengen.<sup>37</sup> Despite rather uncompromising positions of both sides – Russia's insistence on visa-free transit, and the Commission's rejection of any notion of 'corridors' in the Schengen space, the agreement was reached. To sweeten the pill for Moscow, the EU, Russia and Lithuania agreed on the scenario of 'procedural improvement'. It is the European Commission's endorsed plan for a special transit pass – a facilitated transit document (FTD) (or a facilitated rail travel document (FRTD))- for Russians travelling via Lithuania to/from the *oblast*. In accordance with *Joint Statement of the European Union and the Russian Federation on Transit between Kaliningrad Region and the Rest of the Russian Federation*, Russians could apply to Lithuania for either a multiple-entry direct transit document or for a so-called 'light document', issued only for single return trips by train to/from Kaliningrad.<sup>38</sup> With respect to the economic and social development of the *oblast*, the parties agreed to implement a 'comprehensive package of measures' in order to ensure 'easy passage of borders for legal purposes with a view to facilitate human contacts and promote the development of the Kaliningrad region'.<sup>39</sup>

Despite calling its standoff with the EU a 'political' argument, Moscow's acceptance of the Kaliningrad deal appears to be based on technical reasons. In the Joint Statement, the Russian Federation explicitly confirmed its 'intention to conclude an intergovernmental readmission treaty with the Republic of Lithuania, covering persons of all nationalities'.<sup>40</sup> The EU, in turn, committed itself in 2003 to launch a feasibility study for visa free transit by high-speed non-stopping trains in order to evaluate the political and legal aspects, as well as the technical obstacles involved in this issue.<sup>41</sup>

All in all, the issue of visa-free transit to the Kaliningrad *oblast* clearly demonstrated that Moscow was much more concerned with domestic affairs rather than those of the exclave. Members of the Kaliningrad Duma were made to adopt resolutions demanding



that the issue of transit of passengers should be related to the ratification of the 1997 border treaty between Lithuania and Russia. Many times Moscow postponed the ratification of the treaty, threatening not to endorse it at all, until its final approval by the State Duma of the Russian Federation in November 2003, after the decision on passenger transit had been adopted.<sup>42</sup> According to Professor Raimundas Lopata, Director of the Institute of International Relations and Political Science of Vilnius University, it was nothing but Moscow's attempts to ensure the further functioning of the *oblast* as 'the hostage mechanism'.<sup>43</sup>

### 7.3. Military transit of the Russian Federation via the Republic of Lithuania

Kaliningrad's most important railway and road connections with 'big' Russia pass through Lithuania. That is why Lithuania considered these infrastructural links the gravest threat to her security after the Soviet Army left in 1993. Russia tried to exploit the issue of military transit, pressing Vilnius to sign international treaty that would have given an uncontrolled civil and military transit corridor to/from Kaliningrad via Lithuania. The latter saw these demands as an attempt to undermine her sovereign rights over her own territory. Lithuania was also concerned that such a treaty could infringe on the country's prospects for NATO membership and kept rejecting Russia's proposals.

In order to facilitate the withdrawal of Russian forces from Central Europe and the Baltic States, Lithuania agreed to permit military transportations from Kaliningrad to Russia exclusively by rail, and was very restrictive concerning military transit in the opposite direction. Though formally Moscow started demanding an agreement on the military transit to/from the *oblast* via Lithuania in 1992, the Lithuanian government rejected this idea to protect the state's sovereignty.<sup>44</sup> Instead, Vilnius officially responded by a verbal agreement that there would be no complications for movement of the Russian troops to/from Kaliningrad. As the troop withdrawal from Central Europe (Eastern Germany) was of crucial importance for Russia, she had to accept such an arrangement. It was within this context that the procedure of Russian military transit via Lithuania started to take shape. The historical and legal background to Russia's military transit to/from Kaliningrad via Lithuania is given in Appendix H.

In general, the 1995 agreement on the military transit, established through the exchange of diplomatic notes<sup>45</sup>, could be viewed as a compromise. This kind of judgement could be supported by the fact that Vilnius did not manage to make Moscow accept Lithuania's adopted regulations on the military transit, while Moscow failed to force Vilnius to sign a transit treaty. However, in retrospect, this exchange of notes ought to be regarded as a victory for Lithuanian diplomacy. The fact is that the notes were based on the agreement, which fixed the military transit of the Russian Federation from Germany and did not legitimise the military transit to/from Kaliningrad via Lithuania. This means that with the completion of the 'German' transit Moscow had no legal grounds for arguing that Russian military transit via Lithuania was legitimised permanently. It is also worth noting that the exchange of notes 'did not have an effect of international agreement'; it only testified, and still does, a certain consensus between the two countries.<sup>46</sup> After all, the 'German' rules *per se* conditioned temporariness, as they referred to the transit of the Russian troops withdrawn from Germany. This implied that

Russia principally agreed with Lithuania's unilateral decision to grant temporary permission for the military transit of the Russian Federation. Thus, in essence, Moscow acknowledged the absence of levers at its disposal to retain Lithuania within the sphere of Russian legitimacy. This, nevertheless, has not stopped Moscow from making consistent efforts to impose such legitimacy on Lithuania.

At present, these 'German' regulations continue to govern the military transit to/from the Kaliningrad *oblast* via Lithuania. The dominant direction of military transit is to Kaliningrad. With the diminution of forces in the *oblast* and the use of sea-borne transit, the number of soldiers and cargos moving through Lithuania has declined by 35 percent to the Kaliningrad *oblast* and by 20 percent from the *oblast*.<sup>47</sup> There has been an increasing gap between planned and executed military transit.

Both Lithuanian and Russian authorities claim to be satisfied with the *status quo*. Yet from time to time Russia's political leadership repeats its request for a formal legal transit treaty. Two following parts of this chapter will look into technical and political aspects of the military transit.

### *7.3.1. New tendencies and technical aspects of military transit*

New developments show that the significance of military transit for Russia by railway to/from Kaliningrad is declining (see Table 3, Appendix H). Lately, Russia has carried out more transportation by sea. There is enough evidence that sea routes may be applicable for the transportation of Russian military cargos.<sup>48</sup> Alternative routes, exploited by Russia for commercial purposes, could be easily used to redirect military transit to sea routes. Lithuanian authorities note that heavy Russian equipment is no longer moved by land but via the Baltic Sea.<sup>49</sup> Cargos from St. Petersburg or Lomonosov to Baltiysk in the Kaliningrad *oblast* are being transported by ships of the Russian Baltic Fleet. After opening of the ferry between St. Petersburg and Baltiysk it is likely that their sailing route will increase even more. Thus, the possibilities for a sea-borne transit will only grow. It is anticipated that Russia could transport by sea about 50 percent of all military cargos to/ from Kaliningrad.<sup>50</sup> As detailed in Appendix H, the military share of Russian transit constitutes only a small part of the overall load. This non-military part could be easily converted into commercial transit and later used for military purposes.

Regarding military transit by rail, Lithuania considers Russia's applications on a case-by-case basis and issues permissions for the transit of military personnel and military cargos, when the Military Movement Control Centre of the Lithuanian Ministry of National Defence escorts and takes control over it. All military transit by rail, such as military cargos, with or without Russian military escort, or just military personnel, is checked at the border posts of Lithuania. Only one shipment may be authorised at a given time in any direction. Russian military personnel are transported separately from their weapons, in sealed wagons and at a different time.

The railway route for such shipments is fixed and is not subject to modifications: Kena – Vilnius (Vaidotai) – Kaunas - Kybartai and backwards (see map 5, p. 251). The Military Movement Control Centre of Lithuania provides armed guards to escort a



transit shipment. The total number of military personnel, transported through the territory of Lithuania, may not exceed 180 persons. The list of strictly prohibited items, including the transportation of WMD, rocket fuel and/or its components, is established by the resolution of the Lithuanian government.<sup>51</sup>

Since the beginning of 1995 (when legal regulations came into force), there have been no major problems concerning the performance of the military transit. Russia actually complies with the defined order, and the ongoing process does not constitute any serious threat to Lithuanian security, since coal, fuel, vehicles and food are the predominant materials being transited.<sup>52</sup> Military personnel and cargo movement of the Russian Federation to/from the Kaliningrad *oblast* via Lithuanian territory is provided for in the Table 3 of Appendix H.

As regards military transit via Lithuanian airspace, the order is set out in the Lithuanian *Law on the State Border and Protection Thereof* and the *Regulations on the Use of the Airspace of the Republic of Lithuania*.<sup>53</sup> These two documents establish the procedure for transit flights, i.e. rules for obtaining permits, form of application and transit routes. Russian authorities must obtain a permission, issued by the Lithuanian Ministry of Foreign Affairs (in consultation with the Lithuanian Air Forces) on a case-by-case basis. In compliance with the requirements, only one Russian military aircraft is allowed to be in Lithuanian air space at the same time. All Russian aircraft may use only one fixed air corridor Podil-Musni-Kraki (see map 5) and fly no lower than 6000 feet (1,920 km) altitude. Flights of Russian strategic bombers (Tu-22 type) and other aircraft with combat armament and equipment are strictly prohibited. Transportation of post, medical loads and military personnel (including conscripts) is most often indicated as the purpose of the flights of Russian aircraft. On average, about 130-160 flights are conducted every year.

To sum up, since 1995 Russia has been seeking to formalise the issue of military transit through Lithuanian territory by a long-term legal treaty, thus seeking, in one sense, to retain Lithuania under Russian control. The military transit is being carried out in conformity with the Resolution No.938 (3 October 1994) of the Lithuanian government.<sup>54</sup> The majority of Russian military cargos are transported by railway. Non-military shipments and troops to Kaliningrad constitute the bigger part of the overall loads (Table 3). The alternative way of transportation by sea, including military cargos and personnel, is already in use, and is set to increase. This should naturally diminish the need for the military transit through the territory of Lithuania.





Map 5. The railway route and the air corridor of Russian military transit to/from the Kaliningrad *oblast* via Lithuania<sup>55</sup>

Note: Black line shows Kena-Kybartai railway route, blue line – Podil-Musni-Kraki air corridor.

### 7.3.2. Political aspects

The question of military transit returned to the forefront of talks between the two countries when Lithuania moved closer to joining NATO. Despite the fact that the functioning military transit causes no problems on the practical level, Moscow has been regularly stirring up the issue by claiming that transit is purportedly not regulated under international law.<sup>56</sup> Russian senior officials, including Sergey Ivanov, and even Vladimir Putin, used to argue that the current transit regulations were outdated, incompatible with the changed context of NATO-Russia partnership and unsatisfactory regarding the shipment of hazardous cargos.<sup>57</sup>

In January 2001, the European Commission stated that the current military transit was performed by virtue of special regulations between Lithuania and Russia and underlined the necessity to review these regulations within the context of the EU enlargement. Such a review was related to Lithuania's commitments to implement EU directives regarding the transportation of hazardous cargos. It is indicative that the EU has not introduced any definite requirements with respect to the military transit, and this issue has not even been included in the negotiations chapters.<sup>58</sup>

In 2003, the Russian side presented its own version of a draft transit treaty, which significantly softened transit conditions, and was therefore rejected by Lithuanian



officials. Russia's position is clear: to obtain the automatic right for military transit and transport of dangerous materials (e.g. rocket fuel) via Lithuanian territory by fixing these requirements in a new legal treaty. Meanwhile Lithuania wants to codify the procedure of issuing transit permissions on case-by-case basis. The refusal of Vilnius to accept Moscow's argument is based on the realities that the practical execution of the Russian military transit via Lithuania proceeds without any major complications.

On the whole, Lithuania avoided the conclusion of any special treaty granting Russia an automatic right for the transit of military cargos and personnel. The existing legal framework does not ensure Russia an automatic right to the military transit, neither by air nor by railway. The annually renewed regulations are likewise applied in respect of the military transit of other foreign countries. It is noteworthy that the entire practice of the Russian military transit via Lithuania proves that despite some sporadic events Lithuania has formed quite an efficient and functional mechanism for the regulation and administration of the military transit.<sup>59</sup>

Lithuania's policy is not to conclude any bilateral treaty authorising the military transit by rail, road and air. Setting regulations for the military transit is a prerogative of a country through which such transit is being executed. Therefore, when exercising her sovereign right, Lithuania chose to regulate the Russian military transit through her territory by national legislation, taking into account the requirements of the EU and NATO, simultaneously trying not to undermine her interest in building mutual trust in relations with Russia.

#### **7.4. Russia's geo-economic pressure**

Economic levers are becoming an important weapon in Russian foreign policy arsenal: a shift from geopolitical to geo-economic reasoning with regard to the Baltic States took place in the period of 1997-2000. Already since the mid-1990s, in her strategic documents Russia started to underline the point that economic cooperation is one of the key factors for the 'rapprochement' with the Baltic countries. The CFDP study of 2000 'The Baltics – trans-European corridor for 21<sup>st</sup> century' states that transit is playing an increasingly important role in the economy of the Baltic countries, making up about 7 percent of Lithuania's GDP.<sup>60</sup> As main transit flows through the Baltics come from Russia, she acquires additional levers for geo-economic pressure on these countries.

Russia's economic pressure on Lithuania has manifested itself in three directions: first, the safeguard of transit routes for Russian goods; second, consolidation of Russian capital; third, taking advantage of being the main supplier of energy resources. For Russia Lithuania is important primarily as a part of an export-import route to the West. Suffice it to mention Klaipėda port's vital significance for Russia: it is ice-free and easily accessible from many Russian regions. Well-developed Lithuanian transport system, which allows Russia to ensure the movement of goods to Western Europe, is the second important aspect. The third aspect is energy relations between Russia and Kaliningrad.

Russia's attempts to make Lithuania's accession to the European Union subject to the solution of the transit issue showed Moscow's inclination to exercise its geo-economic pressure on the smaller neighbour. This became especially obvious in mid-1990s, when Moscow refused to ratify the trade agreement or implement the most-favoured nation regime in trade with Lithuania unless she solved the issue of the military transit (see Appendix H). In purely economic terms, Moscow viewed Lithuania's membership of the EU positively: common border with the Union would allow Russia to maintain intensive economic relations and to use the opening transit corridor. In a geo-economic sense, Lithuania was a matter of concern for Russia with respect to the Kaliningrad problem. Russia was worried that Lithuania, being a EU member, may disassociate herself from Russian energy system, leaving Kaliningrad in the situation of energy blockade. Even more important was safeguard of the transit (both civil and military) to the Kaliningrad *oblast*.

Russia finds it worthwhile to increase her economic leverage when pursuing her political objectives in new NATO and EU member states. Therefore Russia considers the consolidation of capital in Lithuania beneficial in both economic and political sense. Under present conditions, almost 100 percent of Lithuanian oil and natural gas is imported from Russia, and Lithuania is totally dependent on Russia's nuclear fuel industries for reactor fuel rods. With this degree of dependence on Russia's supplies, it is no surprise that Russian companies are able to play a decisive role in Lithuania's economy. This is evidenced by the ongoing privatisation of strategic objects in the Lithuanian energy sectors. Russia considers it necessary to economically penetrate the Baltic States, to establish joint ventures or take part in the privatisation of strategic objects, as it will help ensure her access to EU markets. Moreover, it would serve as partial counterweight against the operation of Western capital in this area.

The energy independence of a country is defined as independence on import of energy resources, or at least the possibility to choose from several suppliers. The issue of energy dependence should be viewed as an issue of national security, especially for the Baltic States, where energy resources can be imported mainly from Russia. Like many other post-Soviet countries, Lithuania inherited an energy infrastructure which determines the absolute dependence upon the imports of natural gas, oil, nuclear fuel and other energy resources from Russia. Russia's status as the key supplier of energy resources enables her to effectively use economic pressure upon Lithuania, often for political purposes.

Buzan claims that the worst-case scenario for the economic security of a country is not when that country is dependent on the supplies of resources but when supplying countries attempt to use the resulting vulnerability for gaining favourable political concessions.<sup>61</sup> The dependence of the Baltics upon imports of energy resources from Russia poses a real threat not only to the physical base (economy), but also to the political independence of these countries. The threat is reasoned by Russia's attempts to manipulate with energy dependence for political purposes in the past. In other words, the threat for national security of the Baltics resulting from the energy dependence is a 'historical concern'. According to Buzan, 'historical concern' is one of the criteria that determine the intensity of the threat.<sup>62</sup>



The first manifestations of Russia's economic pressure were already seen in Lithuania in 1992-1993, when the Yeltsin government was using an energy cut-off in an attempt to influence policy change in the Baltic States. It is no coincidence that the cut-off immediately followed the demands of the Baltic States concerning the withdrawal of Russian troops from their territories. Later on, during 1998-1999, *Transneft* nine times cut off oil shipments to Lithuania. This was Moscow's response to *Lukoil's* lost position in the privatisation of the Lithuanian oil complex (see below in this chapter).

All of the above, Russia's economic interests in Lithuania go hand in hand with geo-economic pressure upon her. The privatisation of the Lithuanian energy sectors proves this. This became particularly the case in Putin's Russia, where the dramatic increase of former intelligence officers occupying high level positions in the government and energy firms has led to the situation when energy companies are more instruments of politics than of profit-making. This section analyses interests and behaviour of Russia as the supplying country in order to assess the implications of energy dependence for Lithuania's national security. In detail, Russia's influence on each of the three Lithuanian energy sectors – natural gas, oil and electricity – and the likelihood of its expansion or diminution is discussed.

#### 7.4.1. The gas sector

Lithuania uses 2.7 billion cubic meters of natural gas annually.<sup>63</sup> Natural gas reaches Lithuania from Russia (*Gazprom* is the prime supplier) through the territory of Belarus by a single gas pipeline Minsk-Vilnius. The gas supply infrastructure inherited by Lithuania from the Soviet era provides no possibility to import natural gas from sources other than Russia. When analysing the realisation of Russian interests in the Lithuanian gas sector, it is important to bear in mind that *Gazprom*, a company holding world's largest reserves of natural gas and the biggest pipeline system, is also the most consistent executor of Russian foreign policy.<sup>64</sup> Amsterdam warned that *Gazprom's* interests could turn into a threat to democracy within the countries where the company establishes itself. He called for uncovering the political impact of *Gazprom* in Central and Eastern European countries.<sup>65</sup>

In general, the natural gas sector is of key importance to the energy system of Lithuania: gas supplies and prices are critical for continuous operation of certain industries, heating and electricity (majority of power plants, except for *Ignalina Nuclear Power Plant* (NPP), prefer using more environment-friendly gas to fuel oil). Should the price for natural gas increase, this may destabilise the social situation, cause inflation and undermine the international competitiveness of the country. Thus Russia, being in control over Lithuania's natural gas sector, has an exceptionally powerful tool to influence the political life of the country, including decision making processes and the distribution of governing political powers. Furthermore, once *Ignalina NPP* is decommissioned according to the EU Negotiation Chapter (the first reactor was closed in 2004, the second is planned to be decommissioned in 2009), natural gas will be the main fuel used for the production of electricity.

In her National Energy Strategy, Lithuania is committed to diversify the sources of natural gas supply. However, there are several objective reasons, which impede



Lithuania's achievement of independence in the natural gas sector. First, there is a big difference between the price of gas paid to *Gazprom* by Lithuania and the market price.<sup>66</sup> Second, although there are international projects aimed at exploration of possibilities to provide Poland, Lithuania and some other countries of Eastern Europe with natural gas, extracted by Norway or Denmark in the North Sea, these reserves are likely to suffice only for some 25 years.<sup>67</sup> Theoretically, Lithuania could import natural gas from the Western countries, provided the implementation of this project is agreed in advance by Norway, Denmark, Poland and other Eastern European countries which could undertake to consume a certain amount of Norwegian gas.<sup>68</sup>

*Gazprom* is eagerly striving to control the Lithuanian market for natural gas, thus gaining additional chances to keep Lithuania dependent on Russian gas supplies. Equally as in other countries, in Lithuania *Gazprom* resorts to two instruments of ensuring its influence: first, participation in the privatisation of gas companies, which administer the pipeline infrastructure and sell natural gas to the end users in dependent countries; second, the establishment of alleged 'independent' gas distributors in dependent markets. These 'independent' intermediary companies have been used to 'reward' local politicians and act as instruments of Russia's intelligence services.

Natural gas in Lithuania was bought directly from *Gazprom* and sold to consumers only by the country's monopoly, natural gas company *AB Lietuvos Dujos*. From 2002, the Lithuanian market has been dominated by *Dujotekana*, a Lithuanian-registered natural gas company, *Gazprom's* intermediary.<sup>69</sup> Since then *Lietuvos Dujos* has made only some 22 percent of natural gas consumed in the country annually.<sup>70</sup> *Gazprom* serves 30 percent of the Lithuanian gas market for *Dujotekana*.<sup>71</sup>

As a rule, *Gazprom* offers to selected intermediary companies not only the largest gas quotas but also prices which are lower than that offered to other operators. This enables *Gazprom* to have absolute control over the natural gas market in the dependent country. What is more, such a policy has a negative reflection on the financial indicators of an 'unprivileged' company. This was the case with *Lietuvos Dujos*, when it was listed for privatisation, and *Gazprom* had the ability to impinge on the value of the company. Moreover, during the privatisation of *Lietuvos Dujos* the intentions of the Lithuanian government to find a fair balance between Eastern and Western interests failed to materialize.<sup>72</sup> Lithuania had to give the green light to the sale to *Gazprom* of 34 percent of state-owned shares of *Lietuvos Dujos*.<sup>73</sup> In total, *Gazprom* currently has between 30 to 51 percent of formerly state-owned energy companies in Lithuania.<sup>74</sup>

It is likely that, in Russia's estimation, the established role of *Gazprom* in *Lietuvos Dujos* will allow it to block development projects in the gas sector that Lithuania may have in future, e.g. connection of the national gas supply network with the European one, which Russia regards as unacceptable for her. In this respect, Lithuania's chances to free her national gas sector from the dependence on the sole supplier are nothing but doubtful.



#### 7.4.2. The oil sector

During the period of 1960-1980 an integrated oil refinery complex was built in Lithuania. It consisted of the oil refinery AB *Mažeikių Nafta*, the *Biržai Oil Pumping Facility* and the *Novopolotsk (Belarus)–Biržai Oil Main*. The oil refinery was designed to process oil extracted in Russia and to supply with oil products the entire North Western region of the USSR. Presently *Mažeikių Nafta* is the only oil processing enterprise in the region, satisfying all needs of the entire oil market of the Baltic States and annually increasing its production for the Polish market. This complex is the country's top tax payer, accounting for at least 10% of Lithuania's GDP and earning high profits in the regional markets.

Upon regaining independence Lithuania started to build the Būtingė oil import-export terminal in the Baltic Sea, which was opened in 1999. The terminal enabled Lithuania to import and process oil from sources other than Russia. In fact, this proved not to be a viable option, because the transportation of oil to the Būtingė terminal by oil tankers would be a lot more expensive than carrying oil from Russia by pipelines, thus making Mažeikiai oil refinery products not competitive in the market. Moreover, the capacity of refinery is 15 million tons per year, while the Būtingė terminal can import only 6 million tons annually.<sup>75</sup>

Hence, although the existing infrastructure allows Lithuania to get crude oil from other regions of the world, in reality the country's oil sector still depends upon oil supplies by pipelines from Russia. It should be noted that Lithuania has some resources of her own: the geologically projected and actually extracted oil resources amount to 278 million and 87 million tons respectively but the economic conditions and the existing infrastructure are not sustainable for processing Lithuanian oil in Mažeikiai oil refinery.<sup>76</sup>

Like the natural gas sector, in the oil market Lithuania has some trump cards to play in order to keep Russia from imposing drastic measures, such as suspension of supplies. In the natural gas sector the strong point has been transit of natural gas via Lithuania to the Kaliningrad *oblast*. However, Lithuania's will be deprived of her role as a natural gas transit country to Kaliningrad after opening the NEGP; this project envisages building a separate branch-line to the *oblast*. In the oil sector, Russia used to have a particular interest in Būtingė oil export terminal, since oil extraction by Russian companies was increasing more rapidly than consumption, leaving them with a shortage of oil export capacity.<sup>77</sup> Meanwhile, Putin's administration is committed to reduce Russia's dependence upon oil terminals in the Baltic ports; oil terminal in Primorsk, opened in 2001 as a part of Baltic Pipeline System, was designed precisely for this purpose. According to *Mažeikių Nafta*, in 2002 the company incurred losses of about 5 million USD due to the competition with Primorsk.<sup>78</sup> Despite the fact that Primorsk's capacity is insufficient for fully handling Russia's oil volumes available for export, Moscow is under-utilizing Būtingė and Ventspils, which show but its politically motivated decisions with regard to Lithuania and Latvia.

From 1998 to 2000, Lithuania exemplified the linkage of Russian energy and politics. For a long time Lithuania has been in the interest zone of the Russian largest oil



company *Lukoil*, which was very active in the process of privatisation of *Mažeikių Nafta* and which has the largest network of service petrol stations in Lithuania, with more than 100 retail outlets.<sup>79</sup> Over time, the bargaining for ownership of Lithuania's energy assets involved *Lukoil*, *TNK* and *Jukos*, Russia's largest oil companies, with Moscow clearly favouring *Lukoil*. Before 1997, *Lukoil* had managed to secure effective control over all the facilities of Mažeikiai oil refinery without making significant investment in the plant's modernisation. At that time, the Lithuanian government (Conservatives and Christian Democrats) supported the deal with *Williams International*, believing that a large investment by a U.S. oil company would enhance national security and help Lithuania gain accession to NATO. *Williams* recognised from the start that it could not operate in Lithuania without a long-term agreement with one of the Russian companies on crude oil supply. This would be impossible without granting a Russian company a share of the equity ownership.<sup>80</sup>

When it became apparent in 1999 that *Lukoil* might not gain legal ownership and management control of the facilities of Mažeikiai oil refinery, Moscow, with the support of *Lukoil*, initiated an anti-*Williams* information campaign in Lithuania.<sup>81</sup> *Lukoil* also prevented a Kazakh oil company from fulfilling a 1999 contract to supply *Mažeikių Nafta* with crude oil. The threat to the Kazakhs was to have all of their westward shipments through the *Transneft* system stopped if the contract with Lithuania went forward. Furthermore, during an extremely tense period of negotiations between *Williams International*, *Lukoil* and the Lithuanian government, *Lukoil* on nine different occasions was able to persuade *Transneft* (and the Russian Ministry of Industry and Energy) to cut off oil shipments to Lithuania through the large pipeline that runs through Belarus to Būtingė terminal. Although *Transneft* and *Lukoil* justified each cut-off by citing technical or supply problems, in fact, each interruption was an attempt to force Lithuania to cede control of her oil refinery complex. *Lukoil*'s supporters in Lithuania pointed to the stoppage as a proof that *Williams* was not an effective partner for *Lukoil*.<sup>82</sup> Despite this, Lithuanian negotiations did not follow the script that *Lukoil* had written. In 1999, another Russian oil company, *Yukos*, was able to secure the Kremlin's (and Lithuanian) approval to conclude a deal with *Williams*.

Thus, in 1999-2002, in her oil sector Lithuania had a joint venture with the U.S. company *Williams International*, rejecting a bid from *Lukoil*. Unfortunately, for political reasons *Williams* was unable to reach a long-term agreement with the Russian crude oil suppliers and suffered losses in other markets. Instead of profit, the Lithuanian company ran up USD 187 million in losses. Eventually *Williams* withdrew from Lithuania in autumn 2002 due to the economic hardship of its mother company.<sup>83</sup>

In September 2002, *Yukos* purchased from *Williams International* its interest in *Mažeikių Nafta*, thus becoming a holder of the controlling interest of the company. Compared to other Russian companies, *Yukos* was less politicised and became an owner in unusually transparent negotiations with the Lithuanian government and *Williams*. *Yukos* had striven to strengthen its position in those businesses that enabled it to control the entire chain of production, from manufacturing a product until its sales to the end user, i.e. the Klaipėda oil export terminal and the retail fuel market. By and large, the Lithuanian government has been quite satisfied with *Yukos*' management of Mažeikiai



oil complex. *Yukos* completed a major upgrade of the equipment in 2004, raising product quality to EU standards.

After the destruction of *Yukos*, the Russian government tried to seize control of Mažeikiai oil complex from the Lithuanian state.<sup>84</sup> Under the cover of debt collection Moscow sought to pre-empt its acquisition by international oil companies that showed their interest in Mažeikiai. It also sought to devalue stock of AB *Mažeikių Nafta* and then authorize a favoured Russian company to acquire *Yukos*' stake on the cheap.<sup>85</sup> Suffice it to mention that *Lukoil* and *Gazprom* were among those companies who announced their interest in taking over *Yukos*' stake in Mažeikiai.

Being a EU member and having the only oil processing enterprise in the region and the oil export-import terminal, Lithuania is important for both Russian energy conglomerates, seeking to occupy Central European market, and for Central Europe, willing to resist Russian pressure. Not incidentally, acquisition of shares of *Mažeikių Nafta* became so attractive not only for the Kremlin-controlled Russian energy giants but equally for Kazakhs and their American partners, and for Poles, the main initiators of oil concerns in Central Europe.<sup>86</sup>

The Lithuanian government's annual 2004 report on national security issues and a follow up report to the parliament in spring 2005 affirmed that a takeover of Mažeikiai by the Kremlin-friendly companies would jeopardize Lithuanian national security, and that the destruction of *Yukos* increased that probability. It was also clear that under almost any scenario, a non-Russian company would partner with a Russian oil supplier.<sup>87</sup> That said, the Lithuanian government tried to do its best to make AB *Mažeikių Nafta* a member of trans-national corporation. Such corporation, having access to Caspian oil is expected to diminish pressure from Russian oil suppliers.<sup>88</sup>

While an ability to guarantee crude oil supplies is a self-evident requirement, the following additional criteria have to be met by any possible purchaser of Mažeikiai stock: independence from the influence of Russian authorities; a commitment to refrain from interfering with Lithuania's political processes; adherence to Western standards of corporate governance and management; public accountability and full transparency of business practices; and, most important, any Russian purchaser should have a real, not fictitious Western partner, with the power to block politically motivated decisions detrimental to Lithuania. In June 2006, it was clear that Poland's *PNK Orlen* became a buyer of a majority interest in *Mažeikių Nafta*.

#### 7.4.3. The electricity sector

Lithuania's electricity grids are connected with those of Kaliningrad, Belarus and Latvia, and are part of the parallel-operating unified energy system of Russia. The dominant position is occupied by *Ignalina NPP*. Since 1992, it has been producing over 80 percent of Lithuania's electricity needs, with the rest exported to Latvia and Belarus. Such status of the NPP was determined mostly by production costs, which are considerably lower than those of other power plants of Lithuania.<sup>89</sup>



Two nuclear power reactors of *Ignalina NPP* have given the country a measure of independence. It is an irony that EU membership is likely to make Lithuania more, rather than less, dependent on Russian energy imports. Under strong pressure from the EU, Lithuania agreed, at least for now, to close both of its relatively modern, but Soviet-designed, nuclear power (RBMK-type) reactors. Upon decommissioning of *Ignalina NPP* the largest electricity generation load will be put on the thermal power plants, which use natural gas or fuel oil (which does not comply with EU environmental standards) for production of electricity.

Russia has strong interests in the privatisation of some profitable companies of the Lithuanian electricity sector. The Russian corporation *Inter RAOJES Rossii*, *Yukos* and other Russian capital companies were among the candidates to acquire the transmission networks *Rytų Skirstomieji Tinklai* and *Vakarų Skirstomieji Tinklai*, *Lietuvos Elektrinė* and *Kruonis Pumping Storage Plant*.<sup>90</sup> The Lithuanian market has become an exceptional focus of *Inter RAOJES* run by Chubais. Since 2000, the daughter company of *Inter RAOJES* has controlled exports of the Lithuanian electric power to Belarus and the Kaliningrad *oblast*.<sup>91</sup> Thus, the business niches in the electricity market, where Lithuania used to have certain advantages against Russia (Kaliningrad has no other option of electricity supplies, but imports from Lithuania), were handed over to the Russian company.

Back in 1997, Lithuania and Poland were discussing a so-called ‘power bridge’, a plan to integrate the energy system of the Baltic States with that of Western Europe via Poland. This project could have enabled Lithuania to reduce her energy dependence on Russia in general, and dependence on exports into the Russian markets in particular. Moreover, it would give Lithuania the possibility to import excess electricity from Poland or Western Europe, if it becomes necessary after the closure of *Ignalina NPP*. However, the construction of ‘power bridge’ was delayed due to the lack of interest from Polish side. But even if this project was implemented, Lithuania could not get rid of the Russian influence in her electricity market for the obvious reasons: natural gas can be imported only from Russia; Russian companies dominate in the market of electricity production; the price of electricity generated in the East is by far lower than that in Lithuania.<sup>92</sup> All of the above means that the dependence of the Lithuanian electricity sector upon Russia after decommissioning of *Ignalina NPP* is most likely to increase. In order to avoid future dependence on Russian electricity supplies Lithuania has to consider the development a new nuclear facility.<sup>93</sup>

#### 7.4.4. *Implications for national security*

Energy dependence in itself does not pose a serious threat to a country’s political and security system. The United States, Western Europe, and, to an increasing extent, China are highly dependent on the import of oil and gas. The problem is that Russia manipulates her energy card seeking to pursue political goals. The Russian government and its controlled energy companies share the same interest in post-communist countries; therefore political authorities manifest active support in the consolidation of the presence of such companies in the strategic sectors of depending countries.



There are the two aspects of the energy dependence upon Russia. The first is related to the dependence on imports of raw materials, which has a structural character. In the natural gas, oil and electricity sectors this type of dependence was determined either by the system of pipelines inherited from the Soviet era or the technologies employed for the construction of Soviet energy objects (e.g. RBMK-type reactors). The structural dependence threatens national security by increasing the vulnerability of the national economy and social stability, especially if there is a conscious manipulation of such dependence (raw materials or their prices) for political purposes.

The second type of dependence threatens national security by giving Russian companies, which dominate in a number of different energy sectors, a competitive advantage against other companies. They could use this advantage to influence the fate of energy projects aimed at undermining Lithuanian independence in the energy sector. In other words, Russia may, directly or indirectly, impede the implementation of projects that may put Russia at a disadvantage, e.g. construction of 'power-bridge' between Lithuania and Poland, merging the gas supply system with that of the EU, and so on.

The chances of reducing Lithuania's dependence on Russian energy resources are small, thus turning it into a real threat not only to economic security but also to political independence of the state. The threat for national security resulting from energy dependence is a 'historical concern', since in the past Russia was inclined to manipulate such dependence for political purposes. Awareness of the ever increasing importance of economic levers in Russian foreign policy, as well as the fusion of the regime and energy companies for national security purposes, translates this threat into a realistic menace.

## 7.5. Conclusions

Lithuania's opportunities to pursue her national interests depend, to a considerable extent, on Russia's geopolitical orientation. In view of historical experience and the current situation in Russia, it is reasonable to expect that Russia's geo-economic interests and actions may cause a significant threat to Lithuania's national goals and even restrict her foreign policy. A factor of Russia-EU and Russia-NATO partnerships should not also be underestimated in Lithuanian-Russian relations. In the recent years these partnerships are undergoing continuous change. Russia has acquired a certain formal influence in NATO's decision making and is further strengthening her economic ties with the EU largely because of the latter's dependence on Russian gas and oil.

Due to the *oblast's* proximity to Lithuania, Kaliningrad-related issues often dominate Lithuanian-Russian relations. Moscow's view of Kaliningrad reveals a collision between its geopolitical interests in the Eastern Baltics and social-economic development of the region. This dual strategy of Russia ('home state') towards the *oblast* (the exclave) made the role of Lithuania ('host state') in developing cooperation with Kaliningrad more complicated. Suffice it to say that Russia effectively used the *oblast* as a factor for discouraging NATO from extending eastwards and turning the Baltic States into a 'special case'.



Lithuania has nevertheless managed to develop a stable relationship with the *oblast*, considerably reshaping the image of Kaliningrad to be seen as an opportunity for the development of overall cooperation with Russia. This could be viewed as a political achievement as it provides a good opportunity for Lithuania to pursue cooperative relations with Russia, as evidenced by a few common and successful projects in the Kaliningrad *oblast*. In a broader sense, such Lithuanian policy is aimed at promoting Russia's integration with Europe and simultaneously strengthening regional stability and security. This contributes to shifting the Kaliningrad problem from 'high' to 'low' politics, which, in essence, is much more important to the *oblast* and its residents.

The Kaliningrad *oblast* did not become a factor blocking the enlargement of Euro-Atlantic institutions, nor did it cause any military conflict, as it was often forecast. It also has not turned into a 'black hole' within the context of soft security or the centre of social-economic instability in the Baltic region. The *oblast* is moving forward. On the other hand, the optimistic scenario with non-traditional solutions such as a free trade area and a broad local autonomy has not been realised. Discussions are still going on whether the overlapping of Western and Eastern structures in this part of the Baltic Sea region has neutralised the potential threat. This shows that the Kaliningrad issue remains especially sensitive.

Russia has some specific Kaliningrad-related goals in Lithuania. Making a convenience of the precedent of a facilitated transit order, Russia seeks a simplified regime for the movement of persons to the EU, and in the future – a visa-free regime with the EU. Beside this, Moscow is interested to eventually legalise, by international agreement, military transit and traffic of dangerous materials (rocket fuel) through Lithuanian territory. In Lithuania's view, the issue of the Russian military transit to/from the Kaliningrad *oblast* via Lithuania, has only political aspects. The entire experience since 1995 has proved that the problem of military transit is solved with the help of the currently functioning mechanism.

Generally speaking, Lithuania's policy towards Russia may be described as very clear, transparent, resolute and consistent. This particularly manifests itself in Lithuania's cooperation with the Kaliningrad *oblast*. Due to geo-political, political, economic and cultural reasons Lithuania is very interested in the *oblast's* development. One of her major tasks is to integrate the Kaliningrad *oblast* in CEE sub-region. Here Lithuania should act together with Poland and initiate, support and promote such EU projects which create conditions for the *oblast's* close integration into the EU.

Russia's geo-economic interests in the Baltics are being pursued through Moscow's 'energy diplomacy'. Russia is interested in maintaining Lithuania's dependence on Russian energy resources; this gives her some leverage on the neighbour's domestic political life. Russia's economic pressure on Lithuania impedes the consolidation of economic independence or economic 'de-occupation' of the state. Consequently, the increase of such pressure worsens bilateral relations between the countries; this was particularly evidenced during the first privatisation of AB *Mažeikių Nafta*. That said, membership of NATO (and the EU) does provide security for Lithuania against military threats but it cannot guarantee full 'de-occupation' of the state.



Energy dependence-related threats to national security cannot be mitigated even by hard or soft security guarantees that are available now for Lithuania. All the more important is that the Baltic energy issue is not a major agenda item of the European Union, unless the security of supply to the states further West (Germany, France or Britain) are in doubt. The EU's focus has been on increasing energy supplies from Russia instead of on the conduct of Russian companies in the region; some EU countries, primarily Germany, France and Italy, view Russia as the indispensable partner necessary for increased energy supplies. Apparently, the European Commission fails to understand to which extent Russian energy companies are already influencing government policies in many of the new member states and of the long-term damage this can do to the EU itself.

The basic factor in limiting an energy supplier's influence is a recipient's country ability to diversify sources of energy imports. This requires an open and transparent business climate, sufficient financial resources to pay for higher priced imports in times of crisis, and an access to international transit routes. In theory, Lithuania may completely refuse oil and gas imports from Russia. There are two alternative oil transit routes: the first is through Būtingė terminal from the Caspian Sea, Latin America or Persian Gulf countries, the second – from Central Asia by railway. There is no alternative route for gas supply, except building a gas pipeline from Norway. In practice, however, these projects are but utopia: being very high-priced they would be an unbearable burden for Lithuanian consumers and business. Thus, Lithuania has neither the financial ability nor the geographic benefit of having more than one reasonably priced energy supplier close at hand.

In reality, Lithuania's complete economic independence of Russia is almost impossible due to the latter's geographic proximity and economic potential. Lithuania's interest therefore should be focussed on the privatisation of strategic objects. By attracting not only Russian, but also West European and U.S. capital would be a major step in this direction. This would prevent total economic dependence on Russia and, simultaneously, assure her participation in the process: without Russian raw materials, Western investors alone cannot guarantee the profitable activity of Lithuanian companies. In 2002, the Baltic Council of Ministers established a coordination unit on energy to devise regional solutions to domestic energy shortages. Its goal is to introduce greater energy efficiency in the wider Baltic region. Among the projects are the Baltic ring electricity grid and an electrical 'power bridge' linking Lithuania and Poland.

All in all, diversity of suppliers is a key issue here. The Lithuanian government did its best to make AB *Mažeikių Nafta* a member of trans-national corporation. A substantial life extension of the second nuclear reactor of *Ignalina NPP* or the construction of a new nuclear power plant in Lithuania would provide a greater degree of independence in electricity consumption. Lithuania now believes that that the EU has an obligation to help finance (or find financing), for a 1,000-megawatt transmission line in exchange for the closing of Ignalina NPP nuclear reactors. Considering the possibility of investment in clean coal technology might also be an answer to the Baltic energy question.



The two themes of this case study – Lithuania's relations with Kaliningrad and Russia's economic pressure - demonstrate that in the area of 'low politics' Russia keeps treating Lithuania as an area of her influence. Such a Russian attitude is very much in line with her perception of the CIS countries. This but confirms the conclusion that Lithuania's membership of the Euro-Atlantic institutions does provide her with a shelter against threats in hard security area ('high politics') but cannot completely protect her against the threats and challengers in 'low politics'. As in many CEE countries, economic 'de-occupation' proves to be the hardest goal to achieve.

The essential goal for Lithuania is to have Russia as a reliable and predictable partner. Unless the big neighbour shares such qualities, Lithuania seeks to neutralise Russia-related threats and challenges and to formulate her policy accordingly. Therefore Lithuania in her interaction with Russia follows the policy of 'cautious neighbourhood': not to dissociate herself from Russia, make use of all the advantages of cooperation, and, simultaneously, to constantly assess Russia-related threats and risks and undertake measures to neutralise them. Lithuania's approach towards Russia is shaped in three directions. Firstly, monitoring of Russian intentions and activities, identification of possible threats and challenges, their prognosis and neutralisation is a key priority of Lithuania's domestic and foreign policies. Secondly, it is vital for Lithuania, together with the CEE states and with the EU at large, to make every effort in the diversification of energy sources. Least but not last, one of the major tasks for Lithuanian foreign policy is to create conditions for integration of the Kaliningrad *oblast* into the EU.

<sup>1</sup> Mauritzen, Hans, *Finlandization: Towards a general Theory of Adaptive Politics* (Avebury, 1988).

<sup>2</sup> In 1994, Lithuanian President A. Brazauskas sent a letter to NATO Secretary General Manfred Werner requesting to accept Lithuania to the NATO Alliance.

<sup>3</sup> See the Knudsen model (chapter 1), also Knudsen.

<sup>4</sup> Lopata, 'Geopolitical Hostage', p. 206.

<sup>5</sup> 'Host state' is perceived a state through which transit is being executed.

<sup>6</sup> Lopata, 'Geopolitical Hostage', p. 206.

<sup>7</sup> According to the documents of the Potsdam Conference, the *oblast* was given a temporary status.

<sup>8</sup> Lopata, 'Geopolitical Hostage', p. 207.

<sup>9</sup> Kargopolov, S., *et al*, *XXI Vek: Svobodnaya Zona i Osoby Status* [XXI Century: Free Zone and Special Status], (Kaliningrad, 2001), p. 138.

<sup>10</sup> Lopata, 'Geopolitical Hostage', p. 207.

<sup>11</sup> R. Asmus and R. Nurick quoted in Krickus, p. 56.

<sup>12</sup> Sirutavičius, V., and Stanytė-Taločkienė, I., 'Strategic Importance of the Kaliningrad Oblast of the Russian Federation', in *Lithuanian Annual Strategic Review 2002* (Vilnius: Lithuanian Military Academy, 2003), p. 214.

<sup>13</sup> 'Rossiya i Pribaltika-2'[Russia and the Baltic Region], (Sovet po Vneshney i Oboronnoy Politiki, 1999); <http://www.svop.ru/doklad8.htm>.

<sup>14</sup> 'Russia's new military doctrine', Interview with Maj. Gen. Yuriy Ya.Kirshin, in *Perspective* (1993), Vol. IV, No. 2.

<sup>15</sup> 'Rossiya i Pribaltika'[Russia and the Baltic Region], (Sovet po Vneshney i Oboronnoy Politiki, 1997), p. 7.

<sup>16</sup> Nikitin.

<sup>17</sup> All-round Lithuania's co-operation with the *oblast* during mid-1990s-2001 is discussed in the author's master thesis. See Šleivyte, *The Russian Factor*, pp. 53-57.

<sup>18</sup> In 1994 Lithuania opened a consulate in Kaliningrad; in 1995, a visa-free regime between Lithuania and the *oblast* was introduced, allowing stay in Lithuania for 30 days without a visa (and vice versa). In 1999, Lithuania increased the level of its consular presence in Kaliningrad by transforming the existing consulate into the Consulate General and establishing an office of Ambassador for Special Missions, who exclusively deals with Kaliningrad-related issues.

<sup>19</sup> [http://www.cabalamat.org/weblog/art\\_513.html](http://www.cabalamat.org/weblog/art_513.html).

<sup>20</sup> This Cooperation Council is very unique, Lithuania is the only country which has with Russia such a cooperation framework.



<sup>21</sup> Oldberg, p. 44.

<sup>22</sup> See website of the Lithuanian MFA: 'Lithuania's cooperation with the Kaliningrad region of the Russian Federation'; [http://www.urm.lt/data/5/EF159562\\_kalin.htm](http://www.urm.lt/data/5/EF159562_kalin.htm).

<sup>23</sup> 'Of Kant and cant', in *The Economist* (14 May 2005), p. 29

<sup>24</sup> Paulauskas, K., 'The Baltics: from Nation States to Member States: Rethinking Russia, Revamping the Region, Reappraising the EU' in *EU ISS Occasional* (June 2005), p. 16.

<sup>25</sup> In the framework of the CBSS Lithuania's priority action list included: regional economic co-operation; transport and energy infrastructure development; integration of energy markets and networks in the Baltic region; cooperation in the area of home and justice affairs and civic security, focussing on creating a network of agreements on the readmission between the countries in the region, etc. Lithuania was among the donors of the European Faculty at the Kaliningrad State University, inaugurated in 2000; the project was extended until 2007. See Kretinin, G., 'The Russian-Lithuanian Relationship: The Regional Aspect', in *Lithuanian Foreign Policy Review*, 2000/2 (6); <http://www.urm.lt/lfpr>. See also CBSS website: <http://www.baltinfo.org> and Lithuanian MFA website: [http://www.urm.lt/data/5/EF159562\\_kalin.htm](http://www.urm.lt/data/5/EF159562_kalin.htm)

<sup>26</sup> The NI provides for specific projects in the areas from education and culture to business, trade and investment, fighting crime and strengthening the border control (most of them reflected in the ND Action Plan of the EU, approved in 2000). See Joint Statement by the Lithuanian and Russian MFA on the Nida Initiative (Nida, 9 Feb 2000); at <http://www.urm.lt> or <http://baltinfo.org>. See also [http://www.urm.lt/data/5/EF159562\\_kalin.htm](http://www.urm.lt/data/5/EF159562_kalin.htm).

<sup>27</sup> See Nikitin.

<sup>28</sup> The Nordic Council of Ministers, together with Lithuania, has started to elaborate the project on regional cross-border co-operation in adjacent areas, including the Baltic countries and North-Western Russia. Planned activities comprise the creation and co-ordination of a network of about 10 existing euro-regions in the adjacent areas. Main objectives of this project are: to strengthen CBC in the adjacent areas; to capacitate creation of a network of CBC regions (this is applied to euro-regions as well) in the adjacent areas, which can be linked with a CBC network already existing in the Nordic countries. See [http://www.urm.lt/data/5/EF159562\\_kalin.htm](http://www.urm.lt/data/5/EF159562_kalin.htm).

<sup>29</sup> In the framework of the NI Lithuania and Russia had jointly prepared 15 projects. In 2001, at the Luxembourg ND Conference, there were presented 5 amended projects for cooperation with the *oblast*, referred to as Nida 2: 'ViaHanseatica' (a highway to connect Western Europe and the *oblast*), reconstruction of the IX D Cretan Corridor track to Kaliningrad, deepening of the Skirvytė, an arm of the river Nemunas, AIDS prevention programs and training for custom and border officers. See *ibid*.

<sup>30</sup> Via Hanseatica, IX D Cretan Corridor track, and a branch of Rail Baltica.

<sup>31</sup> Trenin, *The end of Eurasia*; <http://pubs.carnegie.ru/english/boks/2001/03dt/ch7.asp>.

<sup>32</sup> Nyberg, R., 'Russia and Europe: The Limits of Integration', in *Moscow Times* (5 Dec 2002).

<sup>33</sup> Putin has proposed an initiative to the EU for a gradual transition to a mutual visa-free regime. See Piquet, V., in *Izvestiya* (29 Aug 2002).

<sup>34</sup> Apparently, these 'red lines' are the former Soviet space and Kaliningrad *oblast*.

<sup>35</sup> A study, prepared by Lithuanian experts on the effects of Lithuania's membership of the EU on cooperation with Kaliningrad, indicated that there would only be minor changes in the pattern of commercial relations and movement of people once visas for the Kaliningrad citizens were introduced. See Joenniemi *et al*.

<sup>36</sup> This idea reveals tragic facts from historical past- Hitler's policy against Poland, the so-called Danzig corridor in Poland in the 1930s. These ideas are promoted in 'Baltiyskiy uzel' [Baltic knot], in *Nezavisimaya Gazeta* (28 March 2001); [http://www.ng.ru/printed/regions/2001-03-28/4\\_bend.html](http://www.ng.ru/printed/regions/2001-03-28/4_bend.html).

<sup>37</sup> In various *fora* Lithuanian politicians stressed an urgent need for the development of frontier infrastructure on the border with Kaliningrad, modernization and expansion of consular network in the *oblast* and suggested practical measures to facilitate border traffic and transit via Lithuania, expecting similar approach from Russia. Lithuania expanded her consular offices in the Kaliningrad *oblast* by opening the consulate in Sovetsk in 2003 and 6 counters for Russian residents only were opened in the Consulate General of Lithuania in Kaliningrad.

<sup>38</sup> By 1 July 2003 the EU is committed to introduce an FTD scheme that will be applied for the transit of Russian citizens only between Kaliningrad and other parts of Russia by land. The FTD scheme will allow for two types of FTD - multiple entry direct transit via all forms of transport by land to/ from Kaliningrad and FRTD to be issued to Russian citizens at the Lithuanian consulate after necessary verification. See 'Joint Statement of the European Union and the Russian Federation on Transit'.

<sup>39</sup> *Ibid*.

<sup>40</sup> *Ibid*.

<sup>41</sup> Three conditions must be met before express trains are an option: a one-year feasibility study must be completed, EU funds for the new high-speed railway must be provided and Lithuania must itself be granted membership in the Schengen visa regime.

<sup>42</sup> Moscow, including Rogozin, used to emphasise that the ratification of the agreement on Russian-Lithuanian border depends on the stance Lithuania will take on the Kaliningrad issue.

<sup>43</sup> Lopata, 'Geopolitical Hostage', p. 219.

<sup>44</sup> In January 1993, Č. Stankevičius, then the head of the Lithuanian state delegation for the negotiations with Russia, informed the Lithuanian Foreign Ministry about the draft agreement on the military transit submitted by the Russian delegation, which included proposal for Lithuania 'to award Russia the right of free military transit through the



territory of Lithuania to Kaliningrad *oblast*, likewise to allow military transit transportations of the Russian armed forces withdrawn from Germany'. See Stankevičius, Č., *Derybos su Rusija dėl kariuomenės išvedimo iš Lietuvos* [Negotiations with Russia due to the Soviet troop withdrawal from Lithuania], Vilnius: Ministry of Defence of the Republic of Lithuania, 2002 (in Lithuanian), p. 73.

<sup>45</sup> See *ibid.*

<sup>46</sup> Laurinavičius, C., Lopata, R., and Sirutavičius, V., *Military Transit of the Russian Federation through the Territory of the Republic of Lithuania* (Vilnius, 2002), p. 30.

<sup>47</sup> Data provided by the Military Movement Control Centre of Lithuania.

<sup>48</sup> Laurinavičius, Lopata, Sirutavičius, p. 30.

<sup>49</sup> Krickus, p. 77.

<sup>50</sup> For instance, in 2000, to compare with the year 1999, it increased by almost 20 %. See Dobrovolskyte, A., 'Russia's military transit through Lithuania', International Conference Materials 'Lithuania's Eastern Neighbours: Politics and Security' (Vilnius, 2002), p. 45.

<sup>51</sup> Resolution of 19 June 2001. See *ibid.*

<sup>52</sup> Coal and fuel accounted for about 90% of the cargo amount. See 'Russian military transit to and from Kaliningrad', annually presented data by the Military Movement Control Centre of the Ministry of National Defence of Lithuania.

<sup>53</sup> Laurinavičius, Lopata, Sirutavičius, p. 33.

<sup>54</sup> 'Regulations for Transportation of Hazardous and Military Cargo.

<sup>55</sup> The map drawn by the Centre of Military Cartography of Lithuania

<sup>56</sup> During the visit of the Lithuanian President Valdas Adamkus to Moscow in March 2001, the Russian side demanded to change the existing regime of military transit, attempting to legitimise it according to international law. See Laurinavičius, Lopata, Sirutavičius, p. 9.

<sup>57</sup> Russians are not satisfied with the name of the agreement (as it relates to the withdrawal of the Russian troops from Germany, which they left in 1994) and that shipment of the most hazardous cargos (exploding materials and ammunition) is halted.

<sup>58</sup> Laurinavičius, Lopata, Sirutavičius, p. 33.

<sup>59</sup> There were the following infringements: arrival of unscheduled transports; untimely submission of additional plans; cases of transports bearing no longer existent forwarding company codes; instances when the cargo specified in the plans does not conform to the items indicated in the cargo documents; parts of transport separated in the result of a breakdown arrived without cargo documents; instances of the failure of commanders to check in with the Commandant's Headquarters. See *ibid.*, p. 33.

<sup>60</sup> 'Baltiya – Transyevropeyskiy koridor v XXI vek' [The Baltics – trans-European corridor for XXI century], (Soviet po vneshney i oboronnoy politiki, 2000); [http://world.ng.ru/dipcorpus/2000-10-26/4\\_baltia.html/](http://world.ng.ru/dipcorpus/2000-10-26/4_baltia.html/)

<sup>61</sup> Buzan, B., *Žmonės, valstybės ir baimė: Tarptautinio saugumo studijos po Šaltojo karo* [People, States and Fear: An Agenda for International Security Studies in the Post-Cold war Era], (Vilnius: Eugrimas, 1997), p. 175 (in Lithuanian).

<sup>62</sup> *Ibid.*, pp. 187-189.

<sup>63</sup> 'Bendras gamtinių dujų naudojimas Lietuvoje' [Aggregated use of natural gas in Lithuania], AB 'Lietuvos dujos'; <http://www.dujos.lt/lt43.html> (in Lithuanian).

<sup>64</sup> *Zarubezhnaya ekspansiya Rossiyskikh neftegazovykh kompaniy: itogi i perspektivy. Analiticheskiy doklad* [Foreign expansion of the Russian oil and gas companies: results and prospects. Analytical report], Moskva: Centr politicheskoy konjunktury Rossii, 2002, pp. 3-4 (in Russian).

<sup>65</sup> Interview with R. Amsterdam.

<sup>66</sup> Market price is defined as an average price. For instance, in 2001 the average price for gas for the Western European countries was 136 USD/1000 m<sup>3</sup>, while Lithuanian companies bought natural gas from Gazprom for an average price of 77-79 USD/1000 m<sup>3</sup>. For more details see *Russia Energy Survey 2002*, OECD/IAE (2002), pp. 39-40.

<sup>67</sup> 'The European Union Energy Policy'; <http://www.emu.edu.tr/~eefegil/europeunion.htm>.

<sup>68</sup> As estimated by Norwegians, building of a pipeline is feasible only if Poland consumes annually 8 bn m<sup>3</sup> of gas from the North Sea; however, Poland has already signed a long-term supply contract with Gazprom to meet the consumption needs for the country at least for 10 years. See 'Norvegija ragina Rytų Europą ir Baltiją išgelbėti dujų planą' [Norway calls upon the Eastern Europe and the Baltics to save the gas plan], in *ELTA*, 6 June 2002 (in Lithuanian).

<sup>69</sup> A company owed by a few wealthy Lithuanians with strong ties to Russia.

<sup>70</sup> 'Liberalizuota prekyba gamtinėmis dujomis' [Natural gas trade liberalisation], AB *Lietuvos Dujos* (9 Aug 2003); <http://www.dujos.lt/lt42.html>.

<sup>71</sup> Smith, *Russian Energy Politics in the Baltics* p. 38.

<sup>72</sup> An investor was supposed to meet the criteria of Euro-Atlantic integration and a natural gas supplier was offered to acquire equal shares to AB *Lietuvos Dujos*, i.e. 34 % each.

<sup>73</sup> The sale agreement has obliged Gazprom to meet no less than 90 % of the gas requirements of its consumers in Lithuania for the next ten years.

<sup>74</sup> Smith, *Russian Energy Politics in the Baltics*, p. 32. In addition to the control of *Lietuvos Dujos*, *Gazprom* owns the Kaunas power plant, supplying energy to the country's second-largest city. *Gazprom* is also negotiating to



purchase the country's Kronas hydroelectric plant and intends to acquire the largest electrical power generation unit at Elektrėnai.

<sup>75</sup> Šatūnienė, Ž., 'Energy (In)dependence and National Security of Lithuania', in *Lithuanian Annual Strategic Review* (Vilnius: Lithuanian Military Academy, 2004), p. 270.

<sup>76</sup> Ibid.

<sup>77</sup> To export oil to the Northern European countries Russia uses terminals located on the Western coast of the Baltic Sea: Ventspils terminal in Latvia, Gdansk terminal in Poland and Būtingė terminal in Lithuania (annual capacity 8 mill. tons; expected to increase to 13-14 million tons per year). In general, about 57 % of Russian oil is exported through terminals and only a minor part is carried by oil pipelines. See *Russia Energy Survey 2002*, p. 12, 94.

<sup>78</sup> Šatūnienė, p. 273.

<sup>79</sup> Smith, *Russian Energy Politics in the Baltics*, p. 31.

<sup>80</sup> Ibid, p. 41.

<sup>81</sup> There appeared negative press articles and significantly increased rumours among Lithuanian opposing parliamentarians and journalists. Moscow also replaced the Russian ambassador to Lithuania with an intelligence officer Yuri Zubakov, a 25-year veteran of the KGB who had spent the previous year as a liaison officer between the KGB and Lukoil. After Zubakov's arrival in Vilnius in 1999, Ivan Paleychik, manager of Lukoil's local distributor, Lukoil Baltija, established an allegedly independent company called Vaizga that funnelled campaign finance money to various political groups.

<sup>82</sup> Smith, *Russian Energy Politics in the Baltics*, p. 41.

<sup>83</sup> Before withdrawal from Lithuania Williams sold its 26.85 stake in Mažeikių Nafta to the Russian oil company Yukos. See estimate of the Ministry of the Economy <http://www.delfi.lt/archive.index.php?id=1355140>.

<sup>84</sup> Yukos' assets consist of the 53.7% stake owned by the Netherlands registered Yukos Finance, 40.6 % owned by the Lithuanian government, the rest belonging to Lithuanian minority shareholders.

<sup>85</sup> The Yukos stake in Mažeikiai was valued at nearly USD 1.5 bn on the stock exchange (amid high oil product prices), with the potential to earn USD 2 bn at an auction that Yukos was contemplating.

<sup>86</sup> The American companies Conoco Phillips and Exxon Mobil, Kazakhstan's KazMunayGaz, the Russian-British joint venture TNK-BP, the Swiss-registered oil trader Vitol, and all looked into that possibility with varying levels of interest.

<sup>87</sup> TNK-BP is showing great interest in Mažeikių Nafta, and the Lithuanian government considers it much more favourable contender than Lukoil: the former has better international reputation and is less controlled by the Kremlin, as 50 % of the company's shares belong to BP.

<sup>88</sup> In this case, the Lithuanian government should be interested in proposals of the companies, such as Polish PNK 'Orlen', Kazakh 'KazMunayGaz' and related to it Chevron-Texaco, seeking to export their oil through Būtingė terminal.

<sup>89</sup> Lithuanian Power Plant and thermal plants of Vilnius, Kaunas and Mažeikiai: they all were built under the Soviet regime in 1970s-1980s and intended to meet the needs of a huge area, not just Lithuania.

<sup>90</sup> Damauskas, Ž., 'Rusijos energetikai braunasi į Lietuvą' [Russian energy companies invade Lithuania], in *Lietuvos Rytas*, 19 Sept 2002 (in Lithuanian).

<sup>91</sup> In March 2002, Lithuania agreed to continue cooperation with this company until the closure of Ignalina NPP. See Šatūnienė, p. 276.

<sup>92</sup> Ibid., p. 277.

<sup>93</sup> Latvia is working with Estonia and Finland to develop the 'Estlink' project, which should link the Baltic States to the Nordic power grids by 2006.



# COOPERATION FOR REGIONAL SECURITY AND ENGAGING RUSSIA TO THIS END

### 8.1. The Baltic Sea region: introduction

The Baltic Sea region (BSR) involves countries from four geographic and historic parts of Europe – Northern, Central, Western and Eastern; embracing Germany from the Western Europe, three Nordic countries (Denmark, Sweden and Finland), the Baltic States, Poland from the Central Europe, and the Russian Federation covering a huge part of Eastern Europe (see map 6). In terms of security orientation, the BSR reflects a diversity: there are members of NATO and EU, there are also neutral states with a long history of military non-alignment, and there is Russia, having a special relationship with both organizations.



Map 6. The Baltic Sea region<sup>1</sup>

Historically it is in the north where Russia and Europe have met most directly. Many wars were fought here, and competition over the control of the Baltic Sea was fierce, but there was also much trade and friendly exchange. It is in the BSR, where the major European powers have periodically tried to exert strategic and ideological influence and



where fundamental rights of minor nations were ignored. During the Cold War this region (and the whole of Northern Europe) was a buffer zone with a delicate balance of power, the so-called Nordic Balance.<sup>2</sup> But this is not to say that the region was free of conventional or nuclear threats. Substantial Soviet forces, including strategic units equipped with nuclear missiles, were deployed in all the three Baltic republics and Kaliningrad, and the Kola peninsula was another major area for Soviet military bases. For NATO, to deny the Soviet Union's access to the Atlantic, securing airspace and sea communication lines above and around the Northern Europe was of primary strategic importance. The end of the Cold War brought significant changes to this configuration. The delicate balance of power was broken. Finland and Sweden became EU members in 1995. The Baltic States, shortly after regaining their independence in 1991, chose integration with the Euro-Atlantic structures as their strategic goal, which came to fruition in 2004. Meanwhile Russia has lost her standing as a world superpower and turned into a regional state with limited political, economic and even military (except nuclear force) leverages to affect international politics.

For some years the BSR has conveyed a dual image. High-pitch 'securitization' has existed alongside rapid regionalization.<sup>3</sup> While it has been a potential trouble spot, due to the tangle between Russia and the Baltic States, it has also become one of the most regionalized parts of Europe. Some analysts refer to the BSR as the vanguard of a future developing Europe characterized by dense levels of institutionalisation. The network of national, sub-national and international, governmental and non-governmental, private and public organizations, agencies and institutions is so dense that national borders are almost completely disregarded. Peace culture, peaceful settlement of disputes and arms control are characteristic features shared by the Nordic and the Baltic States. Tradition of neutrality has strong roots in some of these countries.

What is special about security of the BSR? From a traditional military point of view, the region is as predictable as a region can be in this turbulent era. There are no major military threats in the BSR. Nor has this region seen a single violent spark involving any kind of use or threat to use force from any country for at least the past decade. Today, the BSR is one of the most dynamically developing, outward looking and promising regions in Europe. The region that during the Cold War was almost devoid of region building, networking and trans-border cooperation, has transformed rapidly into a 'laboratory of innovative ways dealing with the divisive nature of borders and exclusionary politics'.<sup>4</sup> Good neighbourly relations and viable initiatives towards regionalization remain the key to regional security after the dual enlargement. The fact that the eastern borders of the Baltic States became the eastern borders of NATO and the EU should only add a new quality of credibility and reassurance to Russia, the biggest state in the region. A significant factor here is the increasing involvement of Russia in partnership relations with these organisations. However, in a rapidly changing world, no one can be assured that new unforeseen threats (e.g. terrorism, WMD, infectious diseases) may not emerge. In this sense, the BSR is no less and no more secure than any other region.

Russia's rapprochement with the West, resulting in warming Russo-Baltic relations and the admission of the Baltic States to NATO, is a tremendous geopolitical change that has occurred in the entire BSR. The region, which used to be a highly 'securitized' area



since the Second World War, is shifting towards 'de-securitization'. What is more, the formation of the security regime in the BSR is starting to acquire a new level. It is becoming a 'NATO-centric regime' because even countries not belonging to NATO established solid relations with this organisation.<sup>5</sup> NATO membership concerns the larger region: most probably, the Baltic accession to NATO will lead to the integration of Sweden and Finland as well sooner or later. Thus, it can be said that the security regime in the BSR is becoming a framework supported by two main pillars and embracing all the actors in the region – NATO members (Germany, Poland, Denmark, Estonia, Latvia, Lithuania) and NATO partners (Sweden, Finland and Russia). The crucial factor for this framework to sustain will be the further development of Russo-Baltic relations. It seems that all preconditions exist for ensuring regional stability and security without ignoring or leaving anybody overboard.

There are numerous articles and studies which have been produced on the subject of security in the BSR (or the broader area – Northern Europe) and implications of the dual enlargement. This chapter does not pretend to deal with the full range of issues related to the security dimension of the BSR as a result of the ongoing political and regional integration. It is merely aimed at raising some ideas about the evolution of the BSR, its security agenda, Russia's place and role in this region, and the possibilities of more active engagement of Russia in regional cooperation.

The chapter argues that in the aftermath of the dual enlargement, security is starting to assume a different posture and meaning on the regional agenda. With Russia's considerably softened attitude towards NATO enlargement and herself being actively involved in cooperation with the Alliance, there are no reasonable grounds for regarding the Baltic Sea area as a potential trouble spot. Likewise, the Baltic States increasingly focus on bolstering their positions in the current and future Europe rather than just remaining prisoners of the past. Do these trends imply that the security argument has lost something of its inherent value and that relationship between security and regional cooperation may drift apart?<sup>6</sup> In short, the questions of this chapter are: what is the relationship between security and region building? In which direction is the region moving and how is Russia accommodating herself in the BSR? The chapter also looks at the environment of multilateral security and cooperation - institutional framework of the BSR, assessing its impact on regional cooperation. Finally, when focusing on cooperation for regional security the chapter deliberates about the constraints and new opportunities of engaging Russia more actively.

## **8.2. Link between security and regional cooperation**

The author subscribes to the arguments of Christopher Browning and Pertti Joenniemi<sup>7</sup> that 'security' is a central and necessary component in providing states with motivation to cooperate with each other. In fact, it would be hardly possible for regional actors to think beyond security as an anchor for region building. Reference to 'security', in whatever form, has become a foundation for various region-building projects in Northern Europe. This idea, this section will show, has also been prevalent in understanding regional cooperation in the Baltic Sea area. Security concerns in the BSR have not had a divisive impact on cooperation. On the contrary, the focus on security



has become a motivation and reasoning to soften the political landscape through various cooperative and region-specific measures. This section will show a conceptual link between security and cooperation in the BSR.

By and large, regional cooperation in the BSR can be underlined and explained by two discourses of security: neo-realist and neo-liberalist ones. It will be suggested in this section that, despite the fact that cooperation premised on neo-realist and neo-liberalist notions of security does differ significantly, these two discourses are more complementary than competitive. A point that should not be underestimated is the considerable impact of dual enlargement on security and regional cooperation in the BSR.

### *8.2.1. Neo-realist discourse*

In neo-realist discourse, the referent object of security is the state, while the threat is constituted by other states. Cooperation between states is generally understood in terms of alliance building and balancing against other states viewed as threatening one's territorial sovereignty and independence.<sup>8</sup> Regional cooperation, on this basis, is driven by processes of 'othering' and exclusion.

In the BSR during the Cold War this exclusionary element of realist discourse was strong: room for cooperation across the East-West divide was limited. Realists' concerns of preserving state sovereignty also limited this cooperation. In the post-Cold War period, cooperation driven by neo-realist security discourses was also notable. For example, engaging in cooperation with Western neighbours was the central strategy of the Baltic States (also Poland and, in the early 1990s, of Finland) in escaping the Russian sphere of influence and securing Western security guarantees. For these states, EU and NATO integration and regional cooperation were also perceived as enhancing state security vis-à-vis Russia.

In this respect, it is worth noting two things. First, the Baltic States were initially not very keen on engaging in regional cooperation, perceiving such activities as a way to divert them from pursuing EU and NATO membership, and thereby leaving them in grey security zone between East and West. Subsequently, however, engaging in regional cooperation became seen as a route to NATO and the EU, via which they could prove their readiness to join these organisations. This links to the second point that much of this regional cooperation involved NATO and EU attitudes and norms that this should not be understood as excluding Russia.

Not only the Baltic States' approach to the post-Cold War regional cooperation was based on neo-realist security understanding; Russia has remained trapped in such thinking much more. In contrast to the Baltics, which were eager to cooperate with Russia in various spheres, except security and defence<sup>9</sup>, for Russia neo-realist perception has undermined her involvement in regional cooperation at all, rather than promoting it in a specific direction. This can be seen in how Western projects of cooperation, such as the Northern Dimension or the Northern European Initiatives, the goal of which was opening Northwest Russia, including the Kaliningrad *oblast*, to



Western investment, were, quite for some time, depicted as attempts of the West to promote Russia's disintegration.<sup>10</sup>

Furthermore, Russia also followed a neo-realist approach to security in her relations with the Baltic States, regularly warning until 9/11 that NATO enlargement to these countries would require a more defensive militarist strategy from Moscow, perhaps even involving re-nuclearisation of Kaliningrad. Hostility towards the Baltic States was, to a considerable extent, encouraged by the fear of possible isolation from Europe, which has always been one of the major driving forces behind Russian foreign policy.

### *8.2.2. Neo-liberalist discourse*

During the post-Cold War period neo-liberalist discourse of security has substantially contributed to promoting and explaining regional cooperation in the BSR. The Nordic countries, Germany and the U.S. have led the way there. They aimed at exporting concepts such as 'democracy', 'market economy' and 'cooperative security' to the Baltic States and Russia. This was pursued by establishing the CBSS in 1992 and later, in 1997, launching the ND and NEI, each of them driven by a concern to avoid the division and conflicts of the past re-emerging.

In comparison with neo-realist approach, the security agenda of neo-liberalist discourse is wider, encompassing soft security issues, being combined with new threats (e.g. terrorism and environmental concerns), or linked up with concepts, such as 'democracy', 'community' and 'society' (societal security). Importantly, the soft security agenda shifts concern away from states towards individuals and society at large, which become the referent object of security. This is due to the fact that soft security threats are not states but such things like pollution or illegal migration. Therefore they are usually seen as transcending the ability of any one state to deal with them. Instead, they are of trans-national, regional and even global dimensions and require cooperation between different states and societies.

That these social, economic, environmental and other issues are presented as 'security' matters has been important in building motivation for action. Thus, the 'securitization' of soft security issues has been important in 'providing rationale for breaking with ordinary territorial constraints' and promoting regional cooperation in the BSR.<sup>11</sup> However, contrary to neo-realist discourses, regional cooperation in neo-liberalist view, albeit being driven by a security threat, is no longer premised on the 'othering' of Russia but including her. In short, in neo-liberalist discourse the 'security' argument unites all actors in the region.

Simultaneously, however, a fundamental difference between neo-realist and neo-liberalist security-driven cooperation notwithstanding, they have actually been rather complementary in the BSR. As Browning and Joenniemi argue, for the neo-liberalist agenda to gain ground it has been necessary to convince key state actors that pursuing such a course would also positively affect the neo-realist agenda.<sup>12</sup> This leads to a conclusion that 'securitization' of the soft security agenda has been seen as a way to 'desecuritize' the hard security agenda, which has become apparent in Russo-Baltic relations.



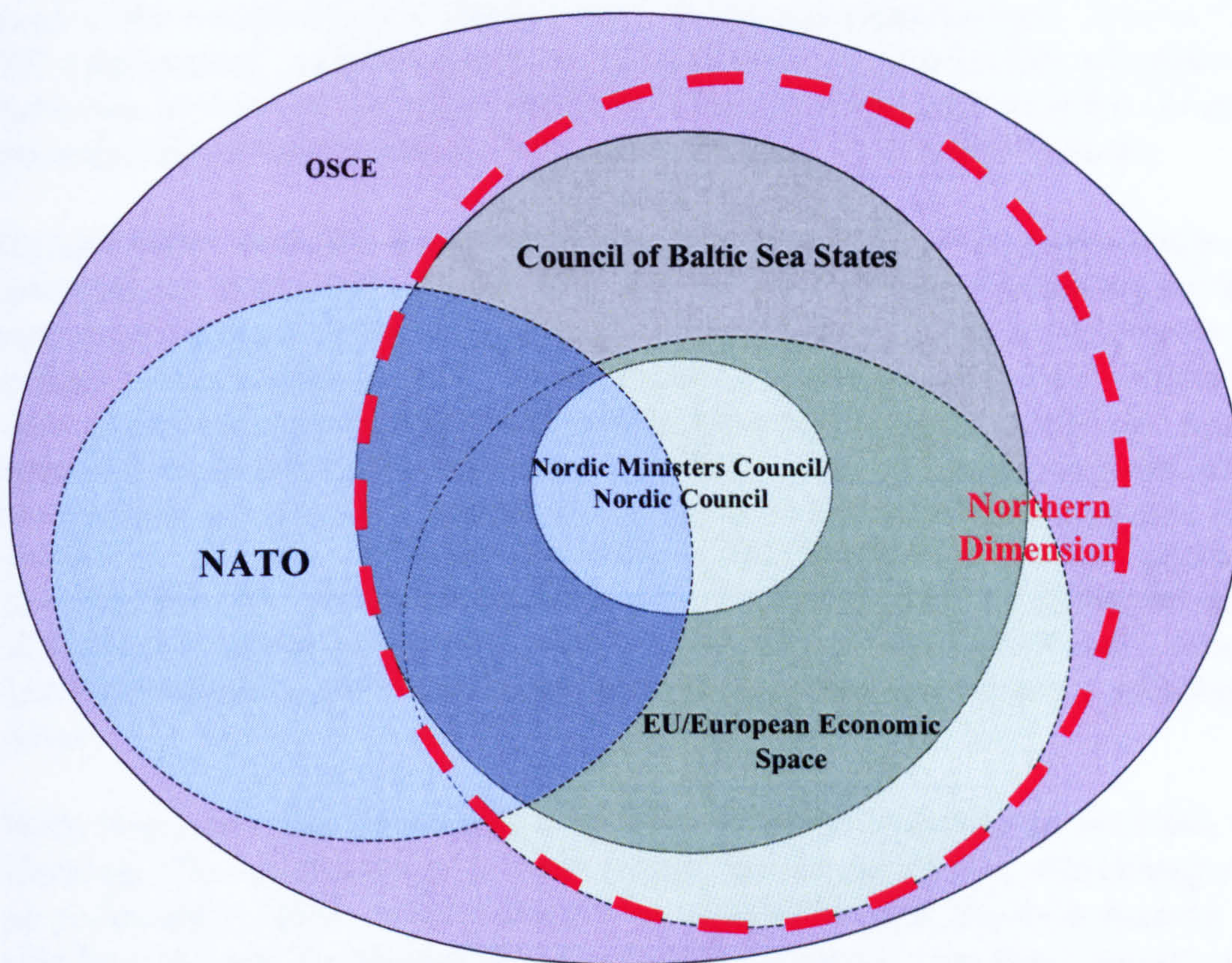


Figure 2. Institutional environment in the Baltic Sea region<sup>13</sup>

### 8.2.3. The impact of international institutions: paradigm shift

The main driving force behind ‘de-securitization’ of traditional threats was a densely institutionalised security environment of the BSR (see figure 2). Various international organisations (NATO, EU, CBSS), initiatives (ND), cooperation frameworks (Nordic Ministers Council/Nordic Council<sup>14</sup>), individual states (the Nordic countries, U.S., Germany) promoted regional cooperation in the Baltic Sea area. What is more, with the dual enlargement ensuring Baltic security once and for all, and with NATO-Russia relations becoming increasingly cooperative, the neo-realist security-based (hard security) concerns that have underlain the post-Cold War region-building are becoming irrelevant. The region’s key hard security questions are no longer so territorially fixed or dominated by Russia’s relations with the Baltic States. The war on terrorism following the events of 9/11 has also contributed to this. As a result, more global and de-territorialized concerns of counter-terrorism and the proliferation of WMD have become more important.

This implies that in the BSR neo-liberalist security discourse has prevailed over the neo-realist one. In other words, it is reasonable to conclude that a paradigm shift is taking place in the BSR: the neo-realist agenda is being overtaken by the neo-liberalist one. As the development of the region shows, international institutions in this respect, specifically NATO and the EU, have been not only instrumental but also the agents of



change. Boyka Stefanova argues that regarding the role of international institutions the underlying assumption is a transactionalist one. It has a normative impact: transactions lead to the acceptance of common rules, norms and expectations.<sup>15</sup> Due to NATO and EU enlargement, institutionalisation has occurred, and this further influences relations between countries in the region and their behaviour. That said, both NATO and the EU, through their normative impact in the BSR, contributed to region building.

Paradoxically enough, this proposition is compatible with a neo-realist view of international institutions. It underlines that the main criterion for evaluating whether or not institutions are relevant in the international system is 'their capacity to bring and maintain international peace'<sup>16</sup>. In this regard, institutions are not only instrumental, but also, due to transactions within the system, serve as the agents of change. Applying this approach to the BSR, the logic runs as follows: through interactions and cooperation, the product of which is cooperative security<sup>17</sup>, international institutions (NATO in particular) promote and maintain peace – conflict-free conditions for the region's development. This demonstrates that international institutions do matter not only in neo-liberalist but also in neo-realist discourse. The BSR is a proper example, where, due to institutionalisation, both discourses tend to assimilate and allow a paradigm shift to occur.

Both discourses show that there is nothing to replace security as the basis for region building. 'De-securitization' of hard threats has not resulted in abandoning of security as a discursive mode. It may, indeed, be argued that this 'de-securitization' was only possible because 'the place of the now redundant enemy – the West and/or NATO – has been taken over by a new one, usually referred to as terrorism'.<sup>18</sup> Although this enemy was present in Russia before 9/11 (the second Chechen campaign), after these dramatic events it became shared with the West, and this finally created conditions suitable for refocusing security discourse. This shows that regional cooperation continues to be linked to the questions of security, albeit primarily in a 'soft' manner. Such a link between security and cooperation is apparent in the current agendas of NATO and the EU, as well as in the continued Euro-Atlantic integration.

#### *8.2.4. Feasibility of a security community in the BSR*

Assuming that a paradigm shift is taking place in the BSR, the next logical step should be the formation of a security community: a security regime, in Karl Deutsch's formulation, where the relevant actors are so integrated that they share a sense of community, such that a mutual assurance exists that disputes will be settled without resorting to war.<sup>19</sup> Additionally, in the opinion of Ole Weaver, the establishment of a community of 'dependable expectations for peace' occurs by 'de-securitization'.<sup>20</sup> In such a community the security of an individual country is no longer a primary concern as the security question is transferred to the region as a whole.

The reasoning of such thinking rests on the conceptual link between security and cooperation, which was shown in the previous part of this chapter. In theory, the outcome of regional cooperation is 'cooperative security', which should create conditions for a security community to evolve. Is it feasible in the BSR? To what extent



may the dual enlargement of NATO and the EU contribute to the positive outcome of this process?

To answer these questions one should take a model of Western European security community and apply it to assess indispensable and adequate conditions for the formation of a security community in the BSR. First of all, the necessary characteristics of an evolving community of states are: sharing democratic norms, values and expectations for the peaceful resolution of conflicts and regional integration. Furthermore, Western European security community has become the basic referent object of security at the regional level to such an extent that the interests and perceptions of individual states no longer exclusively determine security strategies, expectations and behaviour.<sup>21</sup> Finally, a community approach to regional security implies a fundamentally different security environment, i.e. community building configuration, in which the security dilemma becomes obsolete.<sup>22</sup>

Both EU and NATO are the major factors in relation to the security community building process in the BSR. In EU policy this is manifested by the partnership agreement and special arrangements with Russia, and support for regional security in the BSR. Moreover, the EU enlargement created conditions for the consolidation of a security community. Such conditions appear as a result of the extension of security functions to the third pillar of European integration – Justice and Home Affairs (JHA). Following the eastward enlargement, the area of an internal security within the EU extended and created conditions for an improved security situation in the region.

As far as NATO's role is concerned, the work in progress towards a qualitative change in NATO-Russia relations continues to expand the Alliance into indispensable, broader political functions and away from its military-strategic objectives. It also permits NATO to pursue its 'open door' policy not as a trade-off against concessions to Russia but as a consistent approach to the consolidation of the European security community and precluding any further divisions in Europe. Hence, the NATO-Russia relationship was no longer determined exclusively by NATO's enlargement to the Baltic States. The changed rationale of NATO's expansion suggested that the Baltic accession does not compromise the framework of a European security community. Hence, both NATO and EU enlargements created a rationale for extending the existing framework of the Western European security community to the BSR. However, this process has encountered several constraints.

Already in 1999-2000 the growing prospects of Baltic membership in NATO indicated a different assessment of the security situation in the region: less strategic importance became assigned to Kaliningrad. However, other major issues, including Russian transit rights through Lithuanian territory and the free movement of Kaliningrad citizens in view of the EU enlargement to the Baltics, have acquired a high prominence on the Russian foreign policy agenda. Apart from this, Russia continued to 'securitize' the issue of ethnic Russian minorities in Latvia and Estonia. All this shows two things. The first is that, following NATO enlargement, the security dilemma has been solved in the BSR and a 'securitization' shift has taken place. This corresponds to a win-win outcome for both sides - the Baltics and Russia. Second, 'securitization' as such is still there; it



has merely shifted along the spectrum from hard to soft security matters, i.e. 're-securitization' has taken place.

It is also worth pointing out that Russia and the Baltic States failed to adequately explore the potential for their economic cooperation as an opportunity to alleviate hard security concerns. The state of affairs is one of distancing the Baltics from Russia, based on the previous persistence of the latter's overall unpredictable policy despite the Baltic States' desire to be a model of good neighbourly relations. In contrast, Russia has tried to use the Baltic dependence on oil and gas imports as a source of intimidation. This but forced the Baltics to 'securitize' their energy dependency on Russia.

Finally, it is apparent that there are three subsets of relations in the BSR: the Baltic-Russian bilateral relations, the NATO-Russia and EU-Russia partnership. This, of course, is nothing to do with the shared sense of community. But the underlying reason why the formation of a security community in the BSR has been problematic is a prevailing balance of power logic on the part of Russia. The Russian political elite so far is able to conceive regional cooperation only as a zero-sum game. This is not to say that the overall Russian attitude to region building has not changed: since the early 1990s it has been mitigated by increased communication between Russia and other states in the region, and by institutionalisation of confidence building measures via various integration initiatives at a broad regional level.

All of the above, efforts and initiatives implemented by regional organisations notwithstanding, the prospects for the establishment of a security community in the BSR are not very bright, at least in the near future. A solution of the security dilemma in the region, as the result of NATO enlargement, is a substantial achievement in terms of improving the overall security situation in the BSR but not a sufficient condition for a security regime similar to that in Western Europe to emerge. The underlying reason why this process failed to materialise is that 'de-securitization' proceeded not completely, but only to a limited extent; 'securitization' only shifted from hard to soft security concerns. This is due to the fact that balance of power logic is still prevailing in Russia's mindset and she cannot accommodate herself in the regional format. In other words, despite its positive effect on region building, the dual enlargement has not made possible the extension of the European security community to the Baltic Sea area. Consequently, limits of 'de-securitization' make constraints on an effective regional cooperation; this is discussed in the next part of this chapter.

#### *8.2.5. Limits of 'de-securitization': constraints for regional cooperation*

A lot of effort was made on behalf of the United States and the European Union to shift the agenda of regional cooperation towards 'de-securitization' of the BSR. The logic of 'de-securitization' was rather experimental: to solve the traditional security dilemma in the BSR, the U.S. and the EU chose a post-modern approach: by building ties of economic interdependence, developing cross-border cooperation, strengthening NGOs was thought to create a win-win situation, in which hard security issues no longer mattered.



Despite clear merits of these efforts, some actors in the region still seem to be searching for traditional security challenges, which do not exist anymore. Russia is a very good example in this regard. Generally speaking, Moscow's approach is part of the extremely modernist nature of President Putin's political project, mainly structured according to the logic of national interest, in which the inherently trans-national and post-territorial idea of the BSR does not fit well.

By and large, it could be said that Putin's 'modern' and nationalist domestic and international agendas are the main constraint on the way of the region building.<sup>23</sup> Putin's main message, unambiguously declared in his 2003 State of the Nation address and later reiterated on various occasions, is the consolidation of the entire society around an ambitious patriotic goal – to make sure that 'in a not too far off future, Russia will take its recognised place among the ranks of the truly strong, economically advanced and influential nations'.<sup>24</sup> His framework concept is the national interest and even the most globalist project of today's Russia – the WTO membership – is conceived in those terms. Against this background the possibility of developing contemporary Russian political discourse into something more post-modern is extremely problematic.

Other constraints are to a large extent derivative from the first one. Russia cannot accept any outside criticism of her imperial history and abandon historical myths. Despite the fact that in Russian official statements the Baltic States tend to be described as part of the outside world, the tension between this position and the imperial approach is still discernible in the overall Russian treatment of the Baltics.

The fact that in the Russian image of the BSR 'imagination as such is lacking' is also a significant constraint on regional cooperation.<sup>25</sup> The economic potential of the region is appreciated by many, but one would find it difficult to deduce how the political and economic elite of Russia is going to turn this potential into a working model of cooperation. Many Russian scholars are prepared to argue in favour of trans-national regional cooperation but the positive effect of such calls is usually limited to the promotion of a 'de-securitized' image of regional cooperation as not threatening the territorial integrity of the Russian Federation.<sup>26</sup> This discursive practice has been largely successful – a positive attitude to trans-border cooperation prevails among policy makers. However, this discourse is also structured around the fundamental concept of national interest: the task of trans-border cooperation is to help realise the foreign policy strategy of the centre.<sup>27</sup>

Finally, it could be said that the Russian image of the BSR tends 'to break apart into several groups of states', the most significant being the Baltic States and the Nordic countries, with the latter usually still enjoying a much more positive image than the former.<sup>28</sup> Besides, some foreign policy achievement in Putin's era – the rapprochement with the U.S., the NATO-Russia partnership and the intensifying dialogue with the EU – all tend to shift attention to the grand projects where the federal centre plays the central role, and thus to peripheralize the BSR in foreign policy thinking.

One more point related to 're-securitization' of threats in the BSR should be taken into account. 'Security' as a discourse, which has become even more powerful after 9/11, tends to structure political space in a two-fold way. On the one hand, instead of making



borders less exclusive and turning them into interfaces for interaction, the international community at large is concerned with homeland security, which implies building barriers to protect 'us' from 'them'. Russia is a very enlightening example in this respect. In her current discourse, security – in the context of the war against terrorism – is the overwhelming mode of thinking, and this can hardly promote openness to the world 'out there'. On the other hand, new threats, such as terrorism, WMD or environmental pollution, are of a trans-national or even global nature, therefore they require a joint response from the international community. From this point of view, the new security environment has to be more conducive to new post-territorial political developments, which transcend national borders. Therefore 'de-securitization' of new threats, traditionally attributed to the realm of soft security, in the new international environment now seems to be counterproductive. Such approach to security produces inward looking strategies of the BSR countries and leads to thinking 'inside the box', while the contemporary security environment calls for outward looking strategies and thinking 'outside the box'. In this sense, the 'regionality' feature of the BSR turns into an impediment to develop a truly trans-regional approach to security challenges.<sup>29</sup> Besides, the BSR can offer very little in the fight against terrorism.

### **8.3. Environment of multilateral security and cooperation**

When analysing cooperation for regional security it is important to assess the relevance of one of the independent variables of the Knudsen model – an environment of multilateral security and cooperation. According to Knudsen, such an environment will help stabilise asymmetric relations between great powers and small states. A crucial factor in this respect is support to small states in their relations with great powers. This support is defined as an assistance rendered by multilateral security and cooperation environment to small states in the implementation of their goals. Knudsen argues that benevolence of multilateral security and cooperation environment may be assessed in terms of importance of international and regional institutions in international politics. It is also critical that these organisations should include potentially competing great powers. This section will show to what extent the Knudsen model is relevant to the BSR.

As the recent history of the region reveals, in 1991-1994, mainly three organisations - the UN (an international body), the CSCE (which later became OSCE) and the European Council (the latter two both regional bodies) had a stabilising effect on the BSR. It was achieved with the help of multilateral international agreements, such as the UN Charter and the Final Act of the CSCE in Helsinki and the Paris Charter, outlining standards of behaviour among states. The best proof of the benevolence of security and cooperation environment for the Baltic States was the consolidation of their legal independence. The CSCE undoubtedly played a central role in resolving dilemmas of Baltic-Russo relations and in maintaining regional stability. It was the CSCE which managed the conflict between Russia and Latvia/Estonia over the rights of Russian-speaking population. After all, the CSCE was the international format that ensured successful withdrawal of Soviet troops from the Baltic States. However, efforts made by the Baltics themselves should not be underestimated: they managed to move this problem from a bilateral to an international level - a level of multilateral security and



cooperation environment. This enabled them to avoid a direct confrontation *tête-à-tête* with the much more powerful state. By and large, when solving the problem of Soviet troop withdrawal, several major factors played in support of the Baltics: a favourable international environment, including positive international opinion and the low level of tension between the great powers (the U.S. and Russia); successful tactics of the small states (Baltic countries); supportive positions of other great powers, first and foremost the U.S.

The CSCE's crucial role in the early 1990s notwithstanding, it was of little use in further settlement and normalisation of Russia's relations with the Baltic countries. Upon the withdrawal of the Soviet Army, the consolidation of political independence of the Baltic States acquired a particular salience. Added to this, Baltic aspirations for NATO membership negatively effected Russo-Baltic relations. A mini Cold-War between the Baltic States and Russia started, with its periods of tension and détente. Meanwhile, the CSCE was not able to contribute practically to the ending of this war, except, in the best case, to preserve the *status quo*. It became clear that the conflict could only be ended by a more powerful organisation capable of conducting an equal dialogue with Russia. Interestingly enough, NATO itself became such an organisation. Upon uniting the former antagonists (Russia and the Baltics) into the PfP and the NATO Atlantic Cooperation Council (NACC), which later became the EAPC, the Alliance managed to find a proper form of the institutionalisation of relations with Russia. It was the PJC, which began its activities when the decision to start the first NATO enlargement by admitting the three Central European countries was taken. Thus, a stabilising NATO role manifested through increasing its presence in the region. But even this role was not a sufficient factor for the final normalisation of Russo-Baltic relations and security situation in the BSR: the security dilemma remained to be solved. This was achieved in 2004 upon the Baltic accession to the NATO Alliance.

How do these developments in the BSR correspond to the Knudsen model? First, the positive influence of the environment of multilateral security and cooperation in stabilising Russo-Baltic relations is obvious. It has manifested itself many times since the early 1990s, the most significant of them being in two periods: Soviet troop withdrawal and the NATO enlargement in the region. Second, the benevolence of the security environment alone does not warrant successful and effective solution to the problem. Other important factors, such as the activities of small states, influence of the neighbouring great power and policies of other great powers, play an indispensable role here. Third, Knudsen's perception of multilateral security and cooperation environment is too narrow: he excludes such international organisations which do not embrace potentially opposing great powers - NATO, EU and CBSS<sup>30</sup> - in this way eliminating their role in Russo-Baltic relations. Moreover, does not take into account the factor of international opinion.

#### **8.4. Engaging Russia in regional cooperation**

A precondition for making the dream of a united and integrated Europe come true is to get Russia involved as an active partner in the process. The BSR is the proper laboratory for Russia's engagement in the wider Europe. Cooperation in this region



since the end of the Cold War has gone a great length towards producing a better understanding of the regional environment. Russia has played a significant role in the region's development by participating in various regional organisations and initiatives. After the dual enlargement, regional cooperation with Russia is gaining a new momentum and expanding within the framework of both NATO and the EU with a view of creating a peaceful and integrated BSR.

Today the economic imbalance between Russia and the EU is one of the most fundamental threats to European stability and security, and if the prosperity is not moved to the east, Russia's problems will soon become the EU's problems. The way things are now, Russia is the only country in the region to remain outside the WTO. Crime, including organised cross-border crime, is another serious threat to economic development and regional integration.

Kaliningrad is the focal point of many outstanding issues related to the whole region's future. It is therefore of vital importance that cooperation with Kaliningrad runs smoothly. The *oblast* may turn out to be the test case of cooperation between Russia and the EU, showing that mutual problems can be solved through cooperation. A special obligation lies on the Baltic States, especially Lithuania, to continue the positive cooperation with Russia concerning the Kaliningrad *oblast*.

There are a number of initiatives and formats in one way or another promoting regional cooperation in the BSR: the CBSS, ND Initiative of the EU, NEI and the brand new E-PINE Initiative<sup>31</sup> of the U.S., and so on. Most of these were designed to assist the Baltic States and Russia to prepare for integration. Will they retain their value after the dual enlargement? Regardless of the past merits, their future utility must be reviewed. Some of them will fade away and some will grow in importance.

Prior to the dual enlargement there was a clear security agenda for the BSR that embraced two major objectives: first, to assist the efforts of the Baltic States to reintegrate with Europe politically and mentally; second, to facilitate Russia's transition from an expansionist authoritarian empire into a Western-style democracy that would be in cooperation rather than in confrontation vis-à-vis the rest of Europe. The NEI and ND were focused on the agenda 'before the dual enlargement'. Both initiatives were related to the above mentioned objectives: integration of the Baltic States, assuaging Russian concerns about Western goals in the BSR and preventing Kaliningrad from turning into a 'black hole' right in the heart of Europe. The CBSS, and equally the ND and NEI, centred on soft security matters, quality of life, economic prosperity, cross-border transactions.

As far as Russia herself is concerned, as already mentioned in chapter 6, 1997 had served as a pivotal year for shaping her policy towards the Baltic States. Since then, Russian political priorities have shifted from hard to soft security measures, 'from geopolitics to geo-economics'.<sup>32</sup> The issue of military security has started to acquire a much lower profile in the regional security agenda than before. There were also Russia's proposals for confidence building measures and for cooperation on economic and environmental issues, especially in Kaliningrad *oblast*, to reduce tension there and to allow economic, rather than military, solutions to the enclave's problems.<sup>33</sup>



For the past decade, NATO enlargement has been the most important issue in the region, influencing the political climate in many fields other than defence politics. Once NATO enlargement finally became a reality the big security question in the Baltic Sea is no longer on the agenda. This, however, does not mean that the vestiges of mutual mistrust, especially between the Baltic States and Russia, have finally been laid to rest. The NATO-Russia Council is a big step forward towards developing a lasting positive relationship between Russia and the enlarged NATO member states – the Baltic countries. But the problem here is that Russia still sees the Baltic States as belonging to her sphere of influence, albeit outside the CIS, yet not qualifying as true European countries. In short, balance of power logic still commands the overall Russian view of international politics and this creates the biggest problem in Russia's regional integration. One should always bear in mind that the military strategic importance of the BSR to Russia increased as Russia lost her position in Central Europe.

It should be stressed that the Baltic States have been trying to play a positive role in engaging Russia in regional cooperation. Since the restoration of their independence and, particularly, during the course of their integration in NATO and the EU, the Baltic States have pursued two broad strategic goals with regard to Russia. The first is to encourage the positive development of Russian foreign policy: away from Cold War rivalry and toward increasingly constructive partnership in meeting common security challenges. The second goal is to promote the development of effective, accountable democratic institutions which, over time, could bring Russia closer to a European community of shared values. Over the longer term, these goals were inextricably linked – the degree to which Russia can become closer to the Euro-Atlantic community will of course depend upon the extent to which she shares the common values of that community.

Since late 1990s, with the aim of enhancing mutual confidence with Russia, Estonia, Latvia and Lithuania have been implementing bilateral confidence and security building measures (CSBM). In March 1998, Valdas Adamkus, the Lithuanian President, in his statement on the development of relations with Russia expressed Lithuania's interest in a more effective utilisation of CSBM provided for by the Vienna Document (VD). He declared Lithuania's readiness to consider the possibilities of applying reduced thresholds of the notification of military activities under the VD in exchange for military information, as well as increasing openness and transparency in non-routine military activities.<sup>34</sup>

In the light of Adamkus' statement, some confidence building measures *vis-à-vis* Russia were undertaken: extending invitations to Russian military observers to international military exercises held in Lithuania, exchanging additional inspections and verification visits beyond the quota set forth in CSBM of the 1999 VD, and inviting Russian military and civilian representatives to attend training courses on environmental security. Both countries also agreed to exchange information on military forces in Lithuania and Kaliningrad *oblast* under the CFE Treaty.<sup>35</sup> In January 2001, Lithuania and Kaliningrad finalised an arrangement on additional CSBM to be applied on the basis of reciprocity on their territories.



It is also noteworthy that after NATO decision to include the Baltic States security-related dialogue between them and Russia became more intensive. Concrete new initiatives speak for themselves; ranging from establishing high level contacts, expanding arms control and CSBM regime, exchanging ship visits, to planned joint military activities and joint military training (participation of Russian officers in international environmental courses held in Lithuania).

All in all, there are more than enough frameworks for regional cooperation in the BSR. Hence, there is no need to invent any new formats and duplicate existing ones. First of all, it is necessary to build upon existing political will. There is a strong mutual interest to bring forward regional cooperation in BSR. Secondly, it is important to seek the involvement of the United States in these matters. The U.S. and Europe share basically the same security agenda in the Euro-Atlantic area - strengthening regional security and countering new challenges like terrorism and proliferation of WMD. Finally, given the strategic position of the Baltic States, it is their obligation and destiny to serve as a vital link of trust, stability and, above all, security between North America and Western Europe on one hand, and European regions and nations on the other. Upon joining NATO, the Baltic States became members of the NRC. Hence, their security relations with Russia acquired a new quality, which create conditions for the formation of a new security regime in the region.

## 8.5. Conclusions

Over the past decade, in Europe in general and in the BSR in particular, perceptions of security have changed. Until very recently, in the BSR it was inappropriate to speak about the concept of soft security because of the traditional focus on hard military security. The soft security agenda is less conducive to the 'oppositional formations between different states' and instead promotes inclusion and the formation of security interdependencies.<sup>36</sup> This laid grounds for 'de-securitization' and region building in the Baltic Sea area. Thus, as dominant conceptions of security have shifted from 'hard' to 'soft' agendas, so has the emphasis on region building.

The analysis of Russo-Baltic interaction since early 1990s seems to suggest that 'de-securitization' of hard security matters in their relations contributes to better relations between the neighbours and, consequently, to expanding regional cooperation in the BSR. However, 'security' *per se* has not been replaced by any other major concept and commands regional cooperation agenda in the BSR. Regional cooperation continues to be linked to the questions of security, albeit primarily in a 'soft' manner.

The BSR is as stable a region as can be in this unpredictable era. Referring to the Knudsen model, an environment of multilateral security and cooperation did play a key role in stabilising asymmetric relations between Russia and the Baltic States, thus promoting stability and security in the region. However, the model shows significant limitations: it tends to rely mainly on the benevolence of the security environment, clearly underestimating or neglecting other important factors, such as activities of small states, influence of the neighbouring and other great powers and international opinion.



This chapter showed that international institutions, particularly NATO and the EU, have been the main agents for change in the BSR to an extent, allowing a paradigm shift to take place in the BSR: the neo-liberalist security agenda to overtake the neo-realist one. But although the BSR looks an ideal place for the formation of a security community, or the extension of the European security community with common rules, norms and decision-making procedures, this assumption appears to be premature. The underlying reason for this outcome is very simple – Russia today is still not able to accommodate herself in this regional format. It remains for regional actors, the Baltic States among them, to find new ways to engage Russia more actively into regional cooperation. This would contribute to confidence and cooperative security building in the BSR.

All regional actors must make full use of the existing framework for cooperation in the BSR, as well as look for new opportunities. International institutions, such as NATO and the EU, as well as frameworks of multilateral cooperation, such as the CBSS or the ND, - all these mechanisms serve to safeguard regional stability and security. This is what is meant by security through interdependence: establishing as many bilateral and multilateral ties as possible and building on very practical initiatives, pooling resources and working together. In the defence realm, it is time to consider launching a concrete regional initiative that would involve NATO, Russia and the Baltic States.

During the 1990s and onwards, the BSR has shown enormous potential for cooperation, which was successfully realised by various cooperation mechanisms. Hence, cooperative security is achieving its task in the region. The regional network of interdependence and functioning cooperative structures promote stability in the BSR. Furthermore, upon the Baltic accession to NATO and the EU and growing Russian cooperation with both organisations, security environment in the region became more homogenous for two reasons. First, a new quality of the NATO-Russia relationship and the Alliance's enlargement into the BSR has undoubtedly brought Russia closer to a cooperative security model. Second, the Baltic Sea is becoming an internal sea of the European Union, and the BSR is becoming a playground for the direct EU–Russia relations. Finally, the region is a test case for the Western approach to an undivided Europe. The major task in the BSR – to make war and conflict impossible and cooperation and prosperity inevitable – is partly implemented.

At the same time, much remains to be done: a shared sense of a security community is still lacking in the BSR. To use the existing opportunities and implement the shared interests, the BSR needs a new and active agenda, which should be built upon several initiatives if it is to succeed. The primary imperative is to engage Russia. The role of Russia in the region should not be neglected and a positive agenda must be worked out. All the countries in the region, including the Baltics, share a common interest to bring Russia closer to the Euro-Atlantic community and involve her in an open dialogue on security and defence affairs. Security is as much about interdependence as it is about trust and dialogue. Stability and security of the BSR only have sense as part of a broader security framework, namely European, Euro-Atlantic and global security systems.

<sup>1</sup> The map is available at <http://www.copcap.com/composite-8028.htm>



<sup>2</sup>The Northern Europe includes 5 Nordic and 3 Baltic countries. The Nordic Balance meant that the confrontation in the BSR was not direct (as in Germany); the areas under the influence of the superpowers and their allies were delimited by neutral buffer states, Sweden and Finland.

<sup>3</sup> For the definitions of 'securitisation' and 'regionalization' see vocabulary. See also Makarychev, A. S., 'Regionalism and International Relations of Subnational Units', in Segbers, K., and Imbusch, K. (eds.), *The Globalisation of Eastern Europe: Teaching International Relations without Borders* (Transaction Publishers, 2000), p. 445.

<sup>4</sup>Hedegaard, L., and Lindström, B., 'EU Enlargement and Integration in the NEBI Area', in Hedegaard, L., and Lindström, B. (eds), *The NEBI Yearbook 2001/2002 North European and Baltic Sea Integration* (Berlin: Springer, 2002), pp. 3-20.

<sup>5</sup> This applies to Sweden and Finland for a long time already, the same started to apply to Russia. See Vitkus, 'Changing Security Regime', p. 132.

<sup>6</sup> Browning, Christopher, S., and Joenniemi, Pertti, 'Regionality Beyond Security? The Baltic Sea Region after Enlargement', in *Cooperation and Conflict*, Vol. 39, No. 3 (2004), p. 234.

<sup>7</sup> Ibid., p. 235.

<sup>8</sup> Walt, S. M., *The Origin of Alliances* (Ithaca, NY and London: Cornell University Press, 1987).

<sup>9</sup> Security and defence were the only areas where Baltic-Russo relations were very limited because of Russia's opposition to security aspirations of the Baltic States. It was feared that Baltic NATO membership may become hostage of such cooperation.

<sup>10</sup> Makarychev, A. S., *Islands of Globalisation: Regional Russia and the Outside World*, Working Papers 2 (Zurich: Centre for Security Studies and Conflict Research, 2000).

<sup>11</sup> Browning, Joenniemi, p. 239.

<sup>12</sup> Ibid.

<sup>13</sup> This figure is drawn by the author.

<sup>14</sup> The Nordic Council is for inter-parliamentary cooperation, and the Nordic Ministers Council -for inter-governmental cooperation.

<sup>15</sup> Stefanova, pp. 161-162.

<sup>16</sup> Ibid, p. 160.

<sup>17</sup> A paradigm of cooperative security – building of security through interdependence and cooperation - was adopted by NATO since the end of the Cold War.

<sup>18</sup> Morozov, V., 'Russia in the Baltic Sea Region: Desecuritization or Deregionalization?', in *Cooperation and Conflict*, Vol. 39, No. 3 (2004), p. 325.

<sup>19</sup> Deutsch, K., W., et al, *Political Community and the North Atlantic Area: International Organisation in the Light of Historical Experience* (New York: Greenwood Press, 1957), p. 5.

<sup>20</sup> Waever, O. 'Insecurity, Security and Asecurity in the West European Non-war Community', in Adler, E., and Barnett, M. (eds.), *Security Communities* (Cambridge: Cambridge University Press, 1998), pp. 69-118.

<sup>21</sup> Stefanova, p. 162

<sup>22</sup> Ibid, p. 159.

<sup>23</sup> As opposed to post-modern. See vocabulary.

<sup>24</sup> Putin, 'Poslaniye Federal'nomu Sobraniyu Rossiyskoy Federatsii' (2003).

<sup>25</sup> Morozov, p. 326.

<sup>26</sup> Fedorov, V. P., *Rossiya v ansable Evropy* [Russia within Europe], (Institute of Europe: Moscow, 2002).

<sup>27</sup> Margelov, M., 'Pozitivnoy motivatsii Briuseliu yavno ne dostat' [Brussels will not get positive motivation], in *Izvestiya* (22 July 2003). See also 'Osnovy novoy arkhitektury bezopasnosti. Zasedaniye Gossovieta Rossii' [Foundation of new security architecture. Session of State Council], in *Mezhdunarodnaya Zhizn'*, Vol. 3 (2003), pp. 3-29.

<sup>28</sup> Morozov, p. 326

<sup>29</sup> Paulauskas, K., 'Security Dimension of the Northern Europe after the double enlargement', Paper presented at the international conference (Stockholm, 17 April 2004).

<sup>30</sup> This is because NATO does not include Russia, while EU and CBSS – the United States.

<sup>31</sup> Initiative E-PINE - Enhanced Partnership in Northern Europe, launched by U.S. in October 2003. It replaced the former NEI, operating in 1997-2003.

<sup>32</sup> Medvedev, 'Geopolitics and Beyond', p. 240.

<sup>33</sup> Blank, S. J., 'Russia and the Baltics in the Age of NATO Enlargement', in *Parameters* (Autumn 1998), pp. 50-68.

<sup>34</sup> Adamkus, V., 'Development of Relations with Russia and Security and Confidence Building Measures', Statement of the Lithuanian President (28 March 1998).

<sup>35</sup> In June 2000, Russia has accepted the Lithuanian proposal to exchange additional assessment visits to Kaliningrad region and to Lithuania in accordance with the VD. See Stankevičius, Č, 'Multilateral Co-operation for Regional Security and Engaging Russia to that End', Address by the Minister of National Defence of Lithuania at the Nordic-Baltic-US Defence Ministerial Conference (Vilnius, 10 June 2000). See also Ušackas, V., 'Lithuania and Russia: Knowing the Past, Building Genuine Partnership for the Future', in *Lithuanian Foreign Policy Review*, Vol. 2, No. 6 (2000), <http://www.urm.lt/lfpr>.

<sup>36</sup> Browning, Joenniemi, p. 234.



## CHAPTER 9

### CONCLUSIONS

#### 9.1. Russia in the international system

It is possible to explain the similarities and continuities of Russia's performance in large part as a result of the international environment, which conditions foreign policies of all states. As a general rule of statecraft, Russia has pursued balance of power politics. The most common technique associated with the balance of power is forming or joining military alliances, but the balance of power may also entail, *inter alia*, military build-ups, intervention in weaker countries or resort to war. Tsarist Russia was a member of the Triple Entente (with Great Britain and France) in the period leading up to the First World War, as a counterbalance to the Triple Alliance led by Germany. In the Soviet period the Warsaw Pact served as a military counterpart and as a counterweight to NATO. The Russian Federation differs from preceding regimes in not being a member of any military alliance.

Russia has not yet established her place in the new world order, which is being formed in the wake of the Cold War. In the 1990s, her search for the rightful place in the process of globalisation was impeded by the weakness of the Russian statehood and the economy. These days, it is made more difficult by the West's fears of a stronger and undeniably more authoritarian Russia. Although Putin's Russia has shaped her orientation towards the West, she has not chosen a model of integration but a concert of great powers. This suggests that Russia has rejected conflict relations with great powers but has not abandoned the objective to recreate her power capable to challenge the West. Western values, which should make the basis for integration, are merely declarative. Russia's Western-centric orientation manifests, in essence, by her choice of Western space for the purpose of a political game as opposed to her decision for the value-based integration with the West. In Putin's foreign policy strategy international organisations, first and foremost the UN, are only means to participate in this concert. Since the UN is a forum of great powers, cooperation or regular contacts with their leaders become one of the most convenient means for Russia to seek the status of great power and other strategic goals. A delicate Russian balancing in the concert provides her with an opportunity to wait for a redistribution of global forces in her favour (e.g. division of strategic interests between the EU and the U.S.).

Putin remains largely faithful to the strategic objectives that have shaped Russian foreign policy since his accession in January 2000. First and foremost is the establishment of Russia as a global power in the new security architecture. The second objective is Russia's selective integration into Western-dominated international structures. Russia seeks recognition as a fully-fledged member of abstract entities such as the 'civilized world' and 'Europe', as well as concrete organizations like the WTO. However, she is reluctant to accept any diminution of sovereignty and freedom of action, which might result from membership of NATO or the EU. Third, maintaining the Western-centric orientation of Russian foreign policy is of key importance for her.



The West, the U.S. in particular, remains the prime source of global power in its various dimensions. Fourth, it is equally important for Russia to present the image of a geographically balanced or 'multi-vectored' foreign policy, founded in a positive-sum view of international affairs. The Western-centrism of Moscow's world-view does not preclude the development of close relations with China, the FSU and the Muslim world. On the contrary, highlighting Russia's multiple identities is important to emphasize that she remains a big power despite her post-Soviet strategic decline. Last but not least, an overriding objective is to project power and influence wherever possible. In the regional context, this implies tightening links with the former Soviet republics so that the latter would become *de facto* Moscow's 'sphere of influence'. Globally, Russia seeks to influence developments by virtue of her position as a permanent member of the UN Security Council and one of the world's leading energy suppliers.

Russia treats the United States and NATO as tactical allies in terms of *realpolitik*. What is more, by cooperating with NATO Moscow seeks to cause a certain power erosion 'from inside' of this organisation. By participating in the NATO-Russia Council in the format of '27' Russia wants to achieve three major goals: to weaken the trans-Atlantic link (U.S.-European relations); to promote evolution of NATO from a military defence block to a political organisation and to slow or impede NATO enlargement.

On the other hand, Russia's Western-centric orientation, including her *realpolitik*-based rapprochement with NATO, is rather a risky business as it may eventually shift Russia's evolution towards a limited regional power. The only more obvious result of Moscow's policy is the overlapping of Russian and Western structures: Russian companies, especially energy firms, penetrate into Central and Eastern Europe, meanwhile NATO and the U.S. expand their influence in the FSU – Moscow's traditional dominated area. However, this may give the contradictory result: it may structurally bind Russia to the West but equally it may become a breeding-ground for Russian imperialism to wait its time until global ratio of forces would change against Western benefit.

It is not entirely obvious what final objectives Moscow expects to achieve by pursuing its Western-centric policy. It could be considered three alternatives of possible Russian objectives: pragmatic trans-continental, euro-continental and euro-Asian.<sup>1</sup> Pragmatic trans-continental objectives imply Russia's systematic involvement into a trans-Atlantic security community from Vancouver to Vladivostok, where Russia is the key partner of the United States, with the U.S. to divide up Europe in zones of influence or create a European balance of power where Russia herself is an arbiter. In pursuing Euro-continental objectives Russia may seek to eventually oust the U.S. from Europe and to establish a European balance of forces. This could be achieved by strengthening the integration of Russian and European energy infrastructures, by integrating economic and security structures through the creation of a common economic space and joint political institutions. Such an integrated 'Euro-Russia' would turn into an alternative centre of global power to the U.S. and China. Euro-Asian objectives imply that Russia would seek to oust the U.S. not only from Europe but from the entire Eurasia and to challenge the global American domination. It is more likely that these objectives and means of their realisation are not geo-strategic alternatives but compliment each other and are constituent elements of a solid long-term geo-strategy of Russia. Growing dependence on Russian energy stimulates Western European states to establish closer



economic and political contacts with Russia, thus automatically involving her in European matters. This creates favourable conditions for Russia to weaken trans-Atlantic relations and, eventually, try to undermine U.S. influence in the entire Eurasian continent.

As a great power, Russia sees a major threat in the strategic solidarity of Europe and the United States. In length of time, this solidarity may not only curb Russia's imperial ambitions, as a result of effective 'containment' levers, but also subordinate her foreign policy to the West due to the effective mechanisms of Russia's involvement into the Euro-Atlantic space. Therefore Russia tries to exploit several circumstances: first, frictions between the U.S. and separate European states (especially between the U.S. and France or the U.S. and Germany); second, competition between some Western European states (e.g. France and the UK); third, disagreements between 'old' and 'new' Europe; fourth, a common Western interest to have Russia as a main supplier of raw materials and as a factor necessary for the balance of forces in the international system.

## **9.2. Domestic and external agendas of Putin's Russia**

President Vladimir Putin's policies can only be understood in the context of the period, coming after Yeltsin's ten-year presidency, when social and political relations had been deteriorated, although certain freedoms had become established. In considering Russia's domestic agenda, much depends upon the assessment of the character and intentions of the Russian President himself. Putin is the driving force behind many of the policies that have raised concerns in the Western world: the centralisation (or even monopolisation) of political power, the military campaign in Chechnya, the steps taken against the curtailment of Russian freedoms, and so on.

Having inherited a weak and corrupt state, Putin set a strategic goal to get Russia back on her feet. He made state building and modernisation the central priorities of his rule. Putin has used his presidency to set the stage for deeper changes in Russia's domestic and foreign policies. This is in contrast to his predecessor, who had little influence on these areas. By the end of Yeltsin's era, his role was limited to defending the position of his 'family' and to backing some figures from his former entourage.

Putin's state building project, however, casts serious doubts on its success. The consolidation of power has not improved efficiency of state building. The apparent strengthening of the Russian state is largely an illusion: by building the 'power vertical' Putin has strengthened the Kremlin but not the state. Although the Putin regime has been able to stem the disintegration of the state, it has not managed to build a state strong enough to implement reforms, capable of prosecuting organised crime and stamping out corruption. The Russian economy has experienced a comparatively good record of growth, but this is only due to the growing world price of oil, not as a result of the country's economic modernisation. Although political power of Yeltsin's oligarchs was curbed, they were replaced by new political clans – the *siloviki*. The main danger stems from inside the system – the pyramid – that Putin has created, and it is that of stagnation. Without an effective system of checks and balances the government is increasingly unable to handle political, socio-economic and security crises within



Russia. Thus, the regime has revealed itself as not only authoritarian but also dysfunctional. Instead of consolidating the state, super-presidentialism made it only weaker. The outcome of Putin's regime may be described as 'unstable stability' in place of 'stable instability' in Yeltsin's time.

In the conduct of foreign affairs Putin's achievements are more visible. Putin formulated a more consistent foreign policy designed to break with Yeltsin's erratic line and to establish realism and pragmatism as key instruments for attaining Russia's national objectives. Such a policy reflects instincts of the Russian elite, especially the Kremlin. These instincts are derived from a *realpolitik* mentality and can be summarised as follows: self-image as a great power, preference for bilateralism, emphasis on the more traditional elements of national might, desire for equal status with the most powerful members of international system, and the condescension or benign neglect towards 'minor' states. In short, the prevailing political sentiments favour a more assertive, nationalist line in world affairs.

The main foreign policy goal, as reflected in Russia's official Foreign Policy Concept, has been the creation of conditions to ensure the country's economic rebirth through *tous azimuts* policy that had a leaning towards the West. Putin took advantage of the opportunity opened by 9/11 to consolidate the cooperative dimension of Russian foreign policy and proclaimed a new course of rapprochement with the West. Indeed, the West retained its dominant position in Moscow's worldview, which made Russian foreign policy overwhelmingly Western-centric, albeit not pro-Western.

Putin started from the premise that Russia was a European country with a European vocation, thus, she has a role to play in European affairs. Simultaneously, he has placed even a higher value on partnership with the United States as instrumental on increasing Russia's international weight. Russia has gained much from her special relations with the U.S, which made Moscow largely relinquish its traditional disadvantageous anti-American policy. Most important, Russia has become a privileged partner of the mightiest state in the contemporary world. U.S.-Russian relations considerably contributed to the growth of Russia's status in international organisations, among them the G-8. Thus, although Russia's 'rapprochement' with the West has proved to be only a tactical decision as opposed to a strategic one, she received considerable gains in her international standing. Russia's role as a desirable partner of the West in the spheres of energy and the war on international terrorism has been boosted.

Russia pursues different agendas with different parts of the West – Europe and the U.S. – and tries to gain advantages on both sides. On issues like terrorism and homeland security, Russia's policy seems to be closer to the U.S. than to Europe. Meanwhile, with Europe Russia places her emphasis on energy relations, trade, investment and institutional dialogue. Hard security issues in partnership with the U.S. and soft security dialogue and institution building with Europe – such are the two faces of Putin's westernisation.

There seems to be an apparent lack of congruity between Putin's domestic and foreign policy motivations. While seeking to secure his own power base, Putin's domestic and foreign policies have followed different trends; the so-called parallelism in Russian



politics, whereby domestic developments are characterised by autocratic measures, and foreign policy follows a more liberal line. But these parallels intersect, as the domestic agenda has a direct reflection in the realm of foreign policy. Indeed, Russia is a mixture of retrenchment and regression; both internally and externally. Russia's foreign and security policy is symbolic for its dualism: on the one hand, international cooperation is continued, on the other hand, a large part of the Russian security establishment remains focussed on the preparation for large-scale conflicts, reliance on the state's robust nuclear posture and in its feeling of encirclement by the hostile West. Hence, Putin's Western-centrism does not imply a structural change of Russian foreign and security policy. It is characterised by manoeuvring between traditional Russian imperial thinking, in terms of power and influence, and in recognising Russia's new post-Cold War status, resulting in cooperation with the West. Continuation of this dualism is likely to be the future of Russia's foreign and security policy.

Putin's Russia has clearly reversed a cycle that began in the mid-1980s with *perestroika* and *glasnost*. The great Russian romance with the market economy has ended, as has the commitment to openness. Russia is non-democratic at home and is demonstrating imperial temptations in the post-Soviet space. Russia is using her energy lever as a means of upholding the state's geopolitical interests, which is outmoded in Western thinking.

Putin's domestic agenda has become a key issue in relations with the West. European and U.S. political elites insist that good relations with Moscow should not be bought at the expense of Russian democracy. While welcoming Western trade and investment, Moscow resists the encroachment of 'alien' political and civilizational values. Putin believes Russia must follow her own path – an attitude that means rejecting external 'interference' in issues such as Chechnya and status of democracy. It is unlikely that Putin will refrain from centralising his power because of Western criticism. As such, the Russian president must make a difficult foreign policy choice: either allow his domestic politics to jeopardise relations with the West or refrain from moving Russia towards authoritarianism.

In attempting to predict Russia's future evolution, the key question is whether Putin views his brand of statism and 'managed democracy' as a means to an end (i.e. to enable Russia to cope with social, economic and security challenges of staggering proportions) or an end in itself. The two foreign policy goals Russia is seeking today - great power status and economic development - are linked, but it is worth considering each separately as they have different dimensions. Put simply, there are different kinds of great power, and there are different forms of economic growth and development. A commitment to great power status does not require the rebuilding of the Russian empire, nor does a commitment to economic growth and development necessarily require liberal economic reform, integration and globalisation. There are two ways Russia might go seeking to become a great power: a 19th century approach based on spheres of influence and balance of power politics, or a 21st century approach based on a highly technologically advanced economy, openness to globalisation and multilateral approach to security issues.



The current state of affairs in Russia confirms that she has chosen the balance of power approach. In fact, Russia is redefining her geopolitical position. Since the mid-1980s, the Russians have been of the opinion that abandoning geopolitical confrontation with the West would result in economic benefits. Put another way, the Russians were prepared to learn from the West and took their bearings from the West. Today Russia's view of this strategy is divided. The debate is between those who want a complete reversal in policy – a large minority – and those who acknowledge that massive readjustments must be made at all levels, but the basic idea of private property and markets should not be completely abandoned. What is going on, therefore, is a struggle over how far democracy should be curtailed and to what extent market reforms should be reined in. Overlaying this is a deep suspicion about the intentions of the West. The dominant view is that the West's demands for increased democratisation are an attempt to weaken Russia. Moscow still seems to perceive its relations with the West as a zero-sum game.

But this is not to say that Russia is rejecting her Western-centric orientation. Russia's economic priorities call for heavy doses of foreign trade and investment, which crucially underpin her foreign policy to maintain a Western-centric approach. Therefore, despite Russia's cooling relations with the West, Putin will seek to avoid any major confrontation with the United States and Europe. In such circumstances, Russia seems to be adapting a policy that has its slogan: 'Together with the West but going our own way'. The Putin regime in executing its external policy was not able to overstep boundaries of neo-realism: the rapprochement with the West has not been an end in itself but only a means to an end: resurrecting Russia as a major power. All of the above, the change of traditional paradigm has not taken place under Putin; only its content has become slightly broadened. Apart from territorial control, contemporary Russia is very much concerned about the increase of her soft power (especially through her energy leverage), which today actually defines the country's international weight.

### **9.3. Russia's European policy**

Russia's agenda in Europe concerns the question of the fundamental orientation of Russia herself, encompassing a specific culture and civilisation. This largely gives a reasoning for putting 'Europe first' in Russia's foreign policy. In a more narrow sense, it consists of making Europe instrumental for Russia's transformation: it is mainly in Europe that markets and potential investment lie. EU is an indispensable anchor for Russia in Europe. The two key factors that make relations with the EU salient to Russia are the latter's dependence on the EU markets and the Union's dependence on Russian energy resources.

In geopolitical terms, Russia needs Europe mainly as a balancing weight to U.S. hegemony in the world. Therefore, Moscow is satisfied with every sign of disagreements of Euro-Atlantic relations and with any effort of the EU to emerge as an independent global centre of power. However, Moscow is not interested in the long-term strengthening of the EU. In other words, Russia would like to participate, together with the European Union, in the creation of a new multi-polar world order but in the long-term perspective Russia's geo-strategic interests would demand a strategic



subjugation of the EU. This largely explains why in the short and medium-term Russia aims at connecting herself with the European Union in the spheres of energy and economy, as well as through the network of common political institutions, where the U.S. is not involved. Simultaneously, Russia avoids joining the EU in order to fully preserve sovereignty in her domestic politics. In principle, Moscow accepts European structures as a reality, albeit strategically the fragmentation of these structures and the return to the paradigm of balance of national interests would be more acceptable for Russia. Reasonably, in short and medium perspective Moscow is more interested in the EU's internal integration according to the model of centre-periphery, in which the real integration of CEE states into European structures, such as Schengen space or euro zone, may not happen. In accordance with this scenario, Russia would have favourable conditions for cooperation with the EU, for retaining her sovereign domestic policy and, simultaneously, for strengthening her leverage on internal political and economical processes within the Union, especially in CEE.

A characteristic feature of Russia's European policy is the expansion of bilateral relations with individual countries. Russia views bilateralism instrumentally, as a tool for advancing Russia's interests inside Europe and Euro-Atlantic institutions, first of all the EU and NATO. This particularly applies to Russia's relations with Germany: by establishing close relations with Berlin Moscow seeks to develop its strategic partnership with the EU.

A new shift of Moscow's policy vis-à-vis Kaliningrad is a vivid example in this respect. If earlier temporary obstacles, neighbouring Lithuania in particular, has complicated Moscow's attempts to draw a geopolitical line with the *oblast*, now new concrete directions to the West, opening up possibilities to neutralise intermediate factors, have been found. One of the most visible directions is the joint Russian-German project - North European Gas Pipeline under the Baltic Sea. Thus, the Kaliningrad *oblast* is actually becoming geopolitically related to Russia and is very important to the development of her strategic relations with Western Europe.

Generally speaking, Russia's European agenda encompasses four key objectives: first, not to permit Western Europe and its dominated international organisations (EU and NATO) to expand influence in the post-Soviet space; second, to increase Europe's geo-economic and geo-energetic dependence (this especially applies to 'new' Europe) on Russia; third, to turn some new members of the EU and NATO (the Baltic States) into Russia's agents of influence in Euro-Atlantic institutions; fourth, to divide the European Union and weaken trans-Atlantic ties, as well as support the EU and NATO's political and economic decisions that are beneficial for Russia.

The landmarks of EU-Russia relations almost coincide with important events in the NATO-Russia relations, and, to some extent, are influenced by their developments. However undoubtedly, there is an internal logic in Russia's approach to the EU. One could name the three stages in the history of EU-Russia relations: first, 1994-1999 – start of formal contacts; second, 1999-2001 (emergence of the ESDP) - expanding agenda and changing nature of the bilateral relationship; third, since 2001 – step-by-step institutionalisation of EU-Russia cooperation.



Within fifteen years, the importance of the EU shifted from the purely economic sphere to a wider comprehensive agenda. The enlarged EU has come physically closer to Russia over a wide spectrum of relations, including the security area. At the same time, Russia's place in European security has moved much closer to Russia herself. Foreign policy questions which were formerly part of what Russia considered her 'far abroad', have now become issues affecting her 'near abroad'. NATO and, especially, the EU enlargement opened the gate to greater EU involvement in the FSU. At the start of Putin's second term, which nearly coincided with the dual enlargement, the Russia leadership has become worried that Russia is losing her control over developments in this vital region. On the other hand, Russia lacks a realistic national strategy with regard to the CIS in general, and the European CIS countries in particular. The way these problems are solved will determine Russia's relations with Europe and the future development of the political and economic picture in Russia. The current Russia's policy in the FSU is preventing Russia from coming to terms with her imperial legacy.

Very indicative of the current impasse are also differing EU and Russian views on the frozen conflicts in Georgia (Abkhazia and South Ossetia), Moldova (Transdnistria) and Azerbaijan (Nagorno-Karabakh). While acknowledging that each situation has unique features, the basic difference in approach lies in the Russian preference for maintaining the *status quo* and Moscow's view of the central authorities and the separatist enclaves as more or less equal parties. This contrasts with EU (and U.S.) main emphasis on restoring the sovereign integrity of Georgia and Moldova. Closely tied to this question is the ongoing existence of Russian military bases in these countries.

Russian-European dialogue over Putin's six years has progressed little. Although the parties have intensified their bilateral contacts and have had more frequent summit meetings, it has brought to light several problems. First and foremost, Moscow has realised that it has no bureaucratic mechanism for extending effective influence over the decision making process in Brussels before a decision is made. Moreover, with EU-25 (some of the new members have difficult relations with Moscow), a new geopolitical reality has arisen in Europe with which, despite rhetoric to the contrary, Russia has not developed a 'strategic partnership'. Finally, Russia and the EU have not worked out a long-term model for their relationship. Relations between the EU and Russia lack a strategic depth and remain in the sphere of quite narrow pragmatic matters.

In the absence of the prospect of Russia's membership of the EU, Moscow's dialogue with Brussels remains a largely bureaucratic exercise, and Russia's accommodation of the EU enlargement does not seem assured. Beyond their general agreement on 'common spaces', the EU and Russia agree on little at the moment. Russia and the EU still differ in their approach to many fundamental issues of cooperation: the modality of joint peacekeeping efforts, activities in the 'common neighbourhood', as well as the institutional structure of the partnership. The EU's attempts to influence Russia's internal development through giving advice, or even offering incentives, has not been successful. Russians simply perceive Europe as intrusive and arrogant. The EU, while complaining about a lack of cooperation on the part of Russia, is also worried about the erosion of her democratic standards. Such concerns boil down to the existing value gap between the EU and Russia. As democracy does not take priority in Russia, Putin's



policy does not lead to structural integration with Europe (and the West at large) but to the specific overlapping of Russian and Western structures.

The problem for Putin's Russia, seeking to be part of Europe, is that Europe is about something more than geography and interests; it is also a set of values. Russia, however, has a very pragmatic view of her relations with the EU. It is nothing to do with the creation of a space of common values and rules; it is simply an acquisition of special privileges and exceptions. Therefore Moscow sees the blending of values and interests in EU policy and rhetoric as interference in Russian affairs.

While Russian-EU political cooperation may be stagnating, relations at other levels – trade, economic cooperation and energy dialogue – are quite dynamic. However, Russia's reliability as a supplier of oil and gas must be measured in terms of Putin's undistinguished efforts to use energy as a weapon against her insufficiently compliant neighbours. Moscow's objective is to secure long-term contracts with Western European consumers that tighten *Gazprom's* control of supply and distribution, and forestall European efforts to secure alternative supplies.

There are also options for security cooperation between Russia and Europe. They should encompass the two agreed 'common spaces' – the 'common space of freedom, security and justice' and the 'common space of external security'. The first 'common space' implies extending to Russia the principles and practices of EU internal security policy. In other words, cooperation in this 'common space' should include encouraging normative changes in Russia's domestic security policies – such as respect for human rights, democratic values and the rule of law – and working together to minimise cross-border security threats, ranging from organised crime to border security to illegal migration and environmental hazards. As for the 'common space of external security', which is linked to EU-Russia cooperation under the umbrellas of the EU's CFSP and its emerging ESDP, the security agenda may range from fighting international terrorism, proliferation of WMD, nuclear safety and disarmament to crisis management and 'frozen' conflicts. No lasting settlement in Moldova and Georgia is possible without full-scale Russian involvement. However, Russia should reaffirm her commitment to a peaceful settlement of the disputes, support the territorial integrity of Moldova and Georgia and comply with an agreement with those countries on matters pertaining to the Russian military presence there.

Russia-EU security cooperation may also include military-technical cooperation in areas of perceived comparative advantage. Europe's lack of a strategic airlift capability has long been noted; Russia has offered her resources to fill the gap. Kaliningrad remains another important cooperation area. Contrary to the widespread perception, the key problem is not a transit between Kaliningrad and 'big' Russia but the remaining economic disparities between the *oblast* and its neighbours. If this gap widened further, Kaliningraders would call for more autonomy, perhaps even separation from Russia. The issue could then escalate into a major dispute between the EU and Russia. But it is likely that the new regional leadership has already devised a programme for the *oblast's* development and for turning Kaliningrad's position within the EU territory from a liability into an asset.



The Kremlin leaders want to see Russia as a modern great power but they have yet to define what they mean by that and how they intend to get there. The EU and Russia need to complement their plans to create 'common spaces' with a constructive dialogue on their shared neighbourhood. Moscow should not regard this neighbourhood solely as a source of problems. These countries can be useful partners for both sides, as they are eager to deal with Russia and Western Europe; they are prepared to continue to act as transit states, or even intermediaries, between them.

Overall, Russia should continue to move forward in her relations with the EU, but there will be disruptions and crises along the way. The evolution of Russian foreign policy is also a part of that learning process. Foreign policy should be aimed at assuming a new global role, but abandoning the role of a superpower and emphasising the Euro-Atlantic factor. This is only possible on the basis of a strong and purposeful domestic policy, a gradual and consistent expansion of democratic principles and institutions. This will not be a quick and easy process, at the same time, it will be a great historical challenge. Russia can modernize and succeed in a globalised world by opting for a European identity and a gradual integration into a Wider Europe. Building new relations with the European Union will be one of Russia's most difficult foreign policy tasks over the coming period. There is no alternative to their long-term rapprochement. However, past experience requires a realistic modification of Russia's relations with the EU.

#### **9.4. Russia's agenda in the post-Soviet space**

Since 1992, Russia's 'near abroad' has been perceived as one of the top priorities of Russian foreign policy. But it is only during the rule of Putin that the more active concrete policy towards the FSU has been conducted. Under the pragmatic hand of Putin's leadership, Moscow has largely abandoned its 'near-abroad' rhetoric of Yeltsin's later years. However, abandoning the rhetoric of Yeltsin's 'near-abroad' doctrine has not meant that Moscow has abandoned all of its underlying assumptions. Russia acts as a *status quo* power that is often not able to prevent or resist change. In 2003-2005, Russia's foreign policy in FSU countries was increasingly showing the signs of reanimation of the empire. And this was not accidental. External imperialism towards neighbouring countries was closely related to Putin's authoritarian rule at home.

The notion about the priority of post-Soviet space for Russia and the FSU countries has found its military and political embodiment in Russia's Defence White Paper of 2003. Criteria of interfering with the neighbours are set: the danger of instability in the country that may affect the situation in Russia, violation of human rights and democratic freedoms and uncontrolled territory by the central government. This is the first time in post-Soviet history when a document permits the use of military might against CIS partners. In accordance with Russia's strategic documents, the perception of threats to national security became so broad that, if there is a political will, a formal pretext for the utilisation of the Russian Armed Forces in another state's territory can be found at almost any time.



Notwithstanding the centripetal forces that hold the CIS together there are the member states' long ties with Russia related largely to their dependence on Russia for energy and trade and, to a lesser extent, for external defence. Russia exploits the diverse instruments which still has at her disposal in order to promote both cooperation and influence within the CIS by using the network of regional organisations in the political, military, economic and other spheres. Whereas Russia once relied on her political-military might, gravitating towards the traditional methods of the use of force, she now increasingly uses economic tools. Moscow's control over energy production and transportation represent the most effective means of pressuring FSU states to take account of Russian economic and strategic interests. One could easily see competition over the control of energy resources and their transportation behind practically all political processes taking place in the CIS space in 2003-2005. The main issue has been whether the West will manage to develop a system of supply of energy resources from the Central Asia and the Caspian Sea basin that would constitute an alternative to Russia. Moscow is clearly using her energy monopoly to influence political and security policies of the neighbouring FSU countries. This may reinforce the already serious problem of corruption and lack of transparency in these countries and eventually result in depriving them of investment by Western energy firms which feel reluctant to compete with non-transparent Russian companies for privatised assets and investment opportunities.

Despite the fact that Russia's long-term interest is the stability within the FSU, she seems to benefit from unresolved regional conflicts. Russia feels uncomfortable with democratic states along her borders; therefore Moscow is supporting instability in the CIS by sponsoring pro-Russian regimes in secessionist states: Transdnistria, Abkhazia, Ossetia. Russian peacekeeping forces helped to 'freeze' conflicts in Georgia and Moldova. Moscow prevented any real internationalisation or conflict mediation beyond the current modest roles given to the OSCE and UN; only in October 2005 the EU started a border (between Moldova and Ukraine) monitoring mission. Such a behaviour aims to maintain political and economic influence beyond Russia's borders and to impede democratic development in Moldova and Georgia. Thus, Russia's perception of the FSU as her traditional sphere of influence remains unchanged.

After EU enlargement the concept of the 'former Soviet space'— Russia's 'near abroad' - where Russia was once a powerful player by virtue of history, ceased to exist, as the region moved towards a new geo-strategic reality. Half of 'near abroad' has turned into an 'intermediate Europe' or a 'common neighbourhood'. This new shared neighbourhood does matter because it may stimulate both cooperation and conflict between Russia and the EU. Russia and Europe have opposite views of the 'common neighbourhood': Russia wants to restore her status as a major power at the expense of this neighbourhood, whilst the EU wishes to ensure security and stability at its threshold.

In this overlapping 'near abroad' Russia has lost her influence: European CIS countries have become reoriented towards the EU. The reasons behind this include the folding up of democracy in Russia, loss of her leading position in the CIS in terms of the quality of economic growth, the scale of terrorist activity, and so on. Moscow does not have any attractive project to offer these countries. The 'carrot' it can offer does not look



appealing enough: Russia's domestic challenges make her less attractive as a source of integration for her CIS neighbours. The majority of the existing alliances between those neighbours and Russia are premised on their regimes' desire to protect themselves against a potentially revolutionary public discontent. Those alliances are to an extent offset by other governments that have united to help one another to consolidate their 'independence' from potential Russian pressure. Moscow's 'stick', equally, can only make relations with the political regimes and people of neighbouring countries more problematic; no one can guarantee that using the energy weapon will prove effective.

Europe, meanwhile, has acquired attractiveness as a zone of stability and economic prosperity. Ukraine has advanced the farthest among the former CIS countries along the path of reorientation towards the EU. The issue of accepting European influence has also sprung up in other European CIS countries – the South Caucasus countries and Moldova, albeit to a smaller degree. The situation looks far from ordinary even in Belarus, a country much farther away from Europe in terms of support. The transformative energy of the EU that came to Ukraine is bound to come to Belarus as well. It is possible that Belarus will follow Ukraine's footsteps after Alexander Lukashenko leaves office. Hence, competition for attractiveness between Russia and the EU seems to have been won by the latter.

Moscow's weakening influence and poor understanding of dynamics in neighbouring states was particularly visible in Ukraine. Despite Russia's political and financial backing of Yanukovich, Moscow was unable to influence the outcome of the presidential elections. This was perceived by many in Russia as a first major political defeat in the former Soviet space. The Orange Revolution in Ukraine transformed the geopolitical landscape in Eastern Europe, the South Caucasus and Central Asia.

It is likely that, at least for a short time, Moscow has abandoned its ambitious project of reintegration within the CIS that was pursued in the 1990s, and instead, is concentrating on a few limited projects involving several neighbours. Despite ongoing tensions in relations with Lukashenko, the idea of Russia-Belarus 'union state' remains alive. Moscow's other major institution building initiatives are patterned on the EU and NATO: in the economic sphere - the formation of SES, in security sphere – the CSTO. However, the SES achievements have been insignificant so far and its prospects remain vague. As far as the CSTO is concerned, it is becoming a useful tool for Russia to retain her military influence in the CIS and is envisaged to be a Russia-led counterpart to NATO. At the same time, policies of some CIS states, particularly Ukraine, Georgia and Moldova, seeking close relations with both of NATO and the EU in order to develop the possibility for future membership, may considerably weaken the CIS structures and is challenging Russia's dominant position in the FSU. Moreover, currently on the rise is GUAM grouping, which is considered by its member states to become an alternative to Russian-centric CIS organisation.

Today's Russia is not so much neo-imperialist as post-imperialist. When it comes to the post-Soviet space, Russia is forced onto the retreat. As a result, Russia has been on an offensive to challenge Western (particularly U.S.) influence in the 'near-abroad' and she is increasingly sceptical about her ability to keep the whole CIS in her 'sphere of influence'. The best that Russia could do for her smaller neighbours would be to



become more stable, prosperous and at peace with herself. This would give Russia considerable 'soft' power – the ability to convince rather than coerce – in the post-Soviet space. 'Colour revolutions' may not weaken Russia's position in the CIS provided that Russia has a pragmatic policy of non-involvement. The main lesson from the post-revolutionary period in Georgia, Ukraine and the events in Kyrgyzstan is that Russia should develop cooperation with other regional players, including Europe, the United States and their key institutions, in the interest of stability and development in what has become their 'common neighbourhood'. EU enlargement and the so-called 'war on terror' have provided a lasting strategic rationale for Western engagement in Eurasia. Russia has yet to formulate clear strategic interests in her relations with neighbours on the basis of post-Cold War and post-9/11 realities that go beyond historic legacy and fears of encirclement.

## **9.5. Russo-Baltic relations**

### *9.5.1. Explaining Russo-Baltic asymmetric relationship*

Russo-Baltic relations are marked by some peculiarities. Firstly, it is a relative and structural power disparity between Russia and the Baltic countries. Secondly, Russia has never come to terms with the Baltic independence. Thirdly, relations are based on geographical proximity, the geo-strategic position of the Baltic States and the historical past. The latter gives plenty of reasons for the Baltics to fear their big neighbour: a traditional imperial policy is ingrained in Russia's bearing historically and culturally. Such a Russian approach presupposes the necessity to maintain some spheres of influence, which are needed to increase the power of the 'centre'. Spheres of influence are considered as a means of accumulation of Russian power, which opens the door for her penetration into economic and political processes of the neighbouring states. It is for this reason that the Baltic countries perceive an increasing Russian power as a negative factor for their mutual relations. The Russia-related threats to the Baltic States manifest in several different forms of pressure: economical, political and cultural.

This dissertation confirms that the Knudsen model helps analyse many features of asymmetric relationship between a great power and a small state. All six independent variables of this model (the importance of a small state's geographic location; tension variable - degree of tension between great powers; power cycle variable - the degree of extroversion in a great power's foreign policy; historical past (historical record); policy of other rival great power(s) towards a small state; environment of multilateral security and cooperation) and a dependent variable – 'de-occupation'- have manifested themselves in one way or another in Russo-Baltic relations. Some flaws notwithstanding, these variables allow us to explain principal consistent patterns of relations between great powers and small states and the factors that have influence upon them.

The importance of the Knudsen model is validated in the following aspects of Russo-Baltic relations. First, the historical record retains its importance for the perception of the political elites of the Baltic States (the level of distrust varies depending on the configuration of political forces within the state). Second, the strategic importance of a



small state implies that the Baltic countries play a significant role for Russia; but this role is shifting from a geo-political/geo-strategic to a geo-economic one. Third, the degree of tension between Russia and the United States did have an affect on Russo-Baltic relations: when the tension increased, Russia's pressure on the Baltics grew as well, which led to the worsening of their mutual relations. The introvert phase of Russia's development also positively contributed to the achievement of political goals of the Baltic States. Equally, favourable multilateral environment of international security and cooperation has significantly contributed to the stabilisation of power asymmetry between Russia and the Baltic States.

On the other hand, the analysis of Russo-Baltic relations has also revealed some limitations of the Knudsen model, which can be divided into three groups. The first group reflects the imperfection of independent variables. Knudsen gives insufficient attention to the details of some variables. The best example is the factor of the strategic importance of a small state – the key indicator of relations between a great power and a small state, as it pre-determines interests and policy of a great power vis-à-vis a small state. The Knudsen model does not envisage the segmentation of this factor into smaller parts – geopolitical, geo-strategic and geo-economic importance. Such a segmentation would allow us to look at the strategic importance of a small state not as an all-in-one formation but as significant mutually competing and interacting forms. Ostensibly, the decreasing geopolitical importance of a small state is not a reason for its big neighbour to lose interest in that state. The same state may attract a great power's attention because of its geo-economic importance. Another example would be the assessment of a power asymmetry between a neighbouring power and the other great power. Given a power asymmetry (e.g. between Russia and the United States), success of the policy of a neighbouring great power (Russia) vis-à-vis a small state (a Baltic country) would be undermined, especially if the other great power (the U.S.) is deeply involved in a small state's affairs. The other great power, though being remote from a small state, may render an effective support for it, thus, effectively counter-balancing the influence of a neighbouring great power. An appreciation of this factor allows us to explain many of Russia's policy losses in the Baltic States. One more example of shortcomings of this model is narrowing down of the scope of a variable of multilateral environment of security and cooperation. The Knudsen model takes into account only those international and regional organisations of which Russia is a member and international law. Meanwhile the elimination of other influential organisations, such as NATO and the EU, or other factors (e.g. public opinion) does not permit display of the full content of this variable.

The second group of shortcomings comes from underestimation of the fact that through their mutual interaction one independent variable may neutralise the impact of the other. For instance, an introvert phase of a neighbouring great power does not imply that it will not exercise any pressure on a small state, only perhaps to a lesser degree. Equally, the creation of a favourable multilateral environment of security and cooperation does not imply stabilisation of power asymmetry between a great power and a small state. Without the impact of other key factors – active policy of a small state or influence of other great powers (a tension variable)- this will not be effective.



The third group of shortcomings is related to the fact that in certain circumstances the Knudsen variables may have a completely opposite effect. For example, the historical past not necessarily purports destabilisation of relations between a great power and a small state. Given the coincidence of their interests in length of time, the importance of this factor decreases and it may destine good cooperative relations.

With reference to Mouritzen and his four scenarios of coexistence between a great power and a small state (domination, isolation, balancing among various influences of great powers and obedience to a great power) it is possible to affirm that the Baltic States are implementing the balancing model in their relations with Russia. All three levels of 'de-occupation' (political, legal and economic) confirm this conclusion. The Baltic States seek to become a good example of co-ordination of interests of several power centres – the United States, the European Union and Russia. The U.S. treats the Baltics as reliable political partners (they are among the most pro-American states in Europe). For Russia, the Baltic States are the arena for consolidation of her economic interests and the gateway to Western European markets. The EU views the Baltic countries as the area of expansion of the Union's political and economic influence, as well as experts on Russia-related matters, especially regarding the implementation of the concept 'Wider Europe - European Neighbourhood Policy'. In security area, the Baltic States are full-fledged members of NATO (U.S.-dominated organisation). Baltic membership of the EU is expected to secure a balance to Russia's political and economic influence. All of the above, the balancing model is seen as the best corresponding to the current international environment and national interests of the Baltic States. The future of the Baltic States depends on their ability (as small states) to maintain the stable balance of interests between the U.S., the EU and Russia.

#### *9.5.2. Russia's agenda in the Baltics*

Changes in the global balance of power after the Cold War forced Russia to change her geo-strategic plans in the Baltic Sea region. At present, Russia's expanded cooperation with the West is but a sign of new tactics by seeking to achieve, as much as possible, political and economic benefits and recreating Russia's image as a strong state, without relinquishing long-term goals in the Baltic countries and the whole of Eastern and Central Europe.

Being involved in various cooperation mechanisms with the BSR states and exploiting competition between the U.S. and the EU, Russia tries to implement a strategic model of geopolitical manoeuvring. The essence of this strategy is not so much to ally with Euro-Atlantic structures but to turn this space into an area of geopolitical and geo-economic artifices aimed at attaining different aims. Russia's agenda in the Baltics encompasses two key objectives: first, to increase geo-economic and, especially, geo-energetic dependence of the Baltic countries on Russia; second, to turn them into Russia's agents of influence in the Euro-Atlantic institutions.

It has always been difficult to define the place for the Baltic States in Russia's foreign policy concept: they do not fit in the traditional doctrine of 'near abroad', nor do they correspond to postulates of policy of 'far-abroad'. Nonetheless, geopolitical pressure, originating from the doctrine of 'near-abroad' has been applied against the Baltic



countries. It has manifested through Russia's accentuation of legitimate freedom of actions in the Baltic region, as well as the attribution of this region to the vital sphere of her interests or the assessment of Western actions in the Baltics in geopolitical terms.

Relations between Russia and the Baltic States are marked by the major asymmetry of relative power. This allows Russia to treat the Baltic countries as a natural space of expansion of her geopolitical power. Put otherwise, Moscow, with the help of special services and political and economic 'agents' of control in the Baltic States (i.e. some political parties, political and economic interest groups, and mass media) is shaping a certain loyalty supporting mechanism for Russia. Putin's Russia unwillingness to admit the fact of Soviet occupation of the Baltics, let alone to apologise for the occupational crimes, reveals her attitude of imperial nostalgia towards the Baltic States. It is Russia's politics and her superiority vis-à-vis neighbouring states that force the Baltic countries to treat Russia still as a threat to their social, political and economic stability.

The umbrella of Euro-Atlantic institutions above the Baltic area and the changed status of the Baltic States dictate a completely new model of Russia's behaviour: more subtle and covert actions. Although Russia is still searching for ways of defining her policy towards the Baltics, it is apparent that the Russian government is unwilling or unable to understand that it cannot treat the Baltic States as its 'near abroad', i.e. a legitimate sphere of influence. Despite the fact that in Russian official statements the Baltic States tend to be described as part of the outside world, the tension between this position and the imperial approach is still discernible in the overall Russian treating of the Baltics. This is especially the case in 'low politics', where Moscow continues to view the Baltic countries as an area of its influence. Such a Russian attitude to the Baltics is very much in line with her perception of the CIS countries. This but confirms that Baltic membership of the Euro-Atlantic institutions does provide the Baltic States with a shelter against threats in hard security area ('high politics') but cannot completely protect them against soft security threats and challengers ('low politics').

Russian geopolitical interests and actions in the Baltic States are primarily aimed at the undermining the autonomy of their political decisions, i.e. weakening their structural power. Baltic dependence on Russian energy supplies is arguably the strongest tool Russia currently possesses to influence the policies of Estonia, Latvia and Lithuania. Moreover, by her current European energy policy Russia is further increasing this dependence. First of all, by developing cooperation with some Western European countries, Moscow projects the strategy of alternative transit infrastructure, which is directed towards the exclusion of the Baltic States from newly developed transit routes, thus reducing their opportunities to become geopolitical-bridge states. Secondly, Moscow is heightening control over transport corridors of energy resources in CEE.

Taking advantage of their economic dependence and the dependence on Russian energy supply, Russia is seeking to transform the Baltic States to her agents of influence in the Euro-Atlantic institutions. Russia is seeking the direct dominance in the Baltic energy sectors by controlling strategically important objects in their energy systems. This kind of dominance would eventually lead to the integration of the Baltic and other CEE countries to the Russian energy system. Such a dependence would allow Russia to turn



the Baltic States into a geopolitical buffer zone against the U.S. and other Atlanticist countries of Western Europe.

### *9.5.3. The role of international institutions in Russo-Baltic relations and region building*

The main criterion for evaluating whether or not institutions are relevant in the international system is their capacity to bring and maintain international peace. Applying this approach to the BSR, the logic runs as follows: through interactions and cooperation, the outcome of which is cooperative security, international institutions (NATO in particular) have promoted and maintained peace – conflict-free conditions for the region's development. This demonstrates that international institutions have had a stabilising effect on inter-state relations, particularly on Russo-Baltic relations.

The positive influence of the environment of multilateral security and cooperation in stabilising Russo-Baltic relations is obvious. It has manifested itself many times since the early 1990s, the most notable of them being Soviet troop withdrawal and the NATO enlargement in the region. International institutions, such as NATO and the EU, as well as frameworks of multilateral cooperation, such as the CBSS, the ND and the NEI, - all these mechanisms served to mitigate Russo-Baltic relations by engaging them in regional cooperation. This is what is meant by security through interdependence - cooperative security: establishing as many bilateral and multilateral ties as possible and building on very practical initiatives, pooling resources and working together.

In general terms, the role of international institutions is a transactional one, which has a normative impact: transactions lead to the acceptance of common rules, norms and expectations. Both NATO and the EU, through their normative impact in the BSR, contributed to the region's building. The overall Russian attitude to region building has changed: since the early 1990s it has been mitigated by increased cooperation between Russia and other states in the region, and by institutionalisation of confidence building measures via various integration initiatives at a broad regional level.

International institutions, particularly NATO and the EU, have been the main agents for change in the BSR to such an extent that it made possible a paradigm shift to take place in the region: the security dilemma in the BSR is no longer on the agenda, thus, 'de-securitization' has occurred. The analysis of Russo-Baltic interaction since early 1990s suggests that 'de-securitization' of hard security matters contributes to better relations between the neighbours and, consequently, to expanding regional cooperation in the BSR. What is more, the security regime itself in the region is changing. First, it is becoming a 'NATO-centric regime' because even countries not belonging to NATO established solid relations with this organisation. Second, the Baltic Sea is becoming an internal sea of the European Union, meanwhile the BSR is becoming a playground for the direct EU–Russia relations.

This is a substantial achievement in terms of improving the overall security situation in the BSR but not a sufficient condition for a security community – a security regime similar to that in Western Europe - to emerge. The underlying reason why this process failed to materialise is the prevailing balance of power logic on the part of Russia.



Russia today is still not able to accommodate herself in this regional format. As a result, 'de-securitization' proceeded not completely, but only to a limited extent; 'securitization' only shifted from hard to soft security concerns.

Overall, international institutions based on cooperative security are achieving their task in the region. The regional network of interdependent and functioning cooperative structures promote confidence in Russo-Baltic relations and in the region as a whole. The region, which used to be a highly 'securitized' area, is shifting towards 'de-securitization'. This, however, does not mean that the vestiges of mutual mistrust between the Baltic States and Russia have been laid to rest. A shared sense of a security community is lacking in the BSR. Much still has to be done. It remains for international and regional actors, the Baltic States among them, to find new ways to engage Russia more actively into regional cooperation. All the countries in the region, including the Baltics, share a common interest to bring Russia closer to the Euro-Atlantic community and involve her in an open dialogue on security and defence affairs. This would further contribute to confidence and cooperative security building in the region.

#### *9.5.4. Perspectives for the Baltics in countering Russia-related threats and promoting co-operative Russo-Baltic relations*

The fundamental long-term interest of the Baltic States is to have Russia as a credible and predictable partner. As long as Russia falls short of these characteristics, the Baltics should pursue a 'cautious neighbourhood' policy towards Russia and be prepared to respond to Russia-related threats. The Baltic States have, nevertheless, to identify a changed situation in their interaction with Russia and create a new strategy for a mutually acceptable *modus vivendi*. Current Russo-Baltic tensions manifest themselves in a more sophisticated way. Therefore it is of crucial importance for the Baltic States to thoroughly assess the complexity and ambiguity of the state of affairs.

Russia's integration with Western security structures, which has been developing according to the model of concert of great powers, as opposed to the principles of 'opening' to the West, is dangerous for the Baltic States. This turns into a threat to national security of the Baltic countries and constrains their foreign policies. On the other hand, membership into Euro-Atlantic institutions has considerably increased the structural power of the Baltic States; they have acquired new levers that allow them, at least in part, to restrict Russia's actions. There are three areas where the Baltic States can affect Russia's behaviour. First of all, being EU members, the Baltic countries may have an impact on soft security issues, i.e. they may influence political, economic and social processes in Russia and her relations in these aspects with the EU. Second, as NATO members, the Baltic States may equally have an impact on Russia's relations with the West in hard security area. Third opportunity that has opened for the Baltics – to become 'experts' on Russia in the West and use this expertise in shaping Western strategy vis-à-vis Russia.

An essential task for the Baltics is to work out the most appropriate strategy to respond to Russia-related threats and challenges. It is obvious that only the essential transformation of Russian domestic and foreign politics would enable the neutralisation



of these threats. There are three overlapping levels, where ongoing processes may create conditions for the neutralisation of Russia-related threats:

*First*, Russia's rejection of Eurasian geopolitical concept and her move towards universal integration with Euro-Atlantic space, i.e. 'opening' to the West;

*Second*, transformation of Russia as a politically authoritarian state with centralised economy into a state which is based on democratic values and principles of market economy;

*Third*, transformation of Russia's mentality from a great power to a national state – a regional power.

A major goal for the Baltic countries is to reduce Russia-related threats by acting in two ways: directly - through bilateral relations with Russia, engagement with her institutions and other bodies; and indirectly – through making influence on Russia's structural environment. The direct way is aimed at binding Russia to the Euro-Atlantic space, which would stimulate Russia to assume obligations in the spheres of democracy and liberalisation of economy, and curtail her expansionist tendencies by concentrating on the tasks of domestic economic and social development. The indirect way is perceived as democratisation or 'europeanization' of the post-Soviet space, i.e. spreading of European values towards the East. In practice, this has been taking place with the involvement of Euro-Atlantic institutions and Western European states in the post-Soviet space. In fact, the Baltic States have already contributed a great deal to the democratisation of the post-Soviet space by extending security and stability to the Eastern neighbourhood: to such countries as Ukraine, South Caucasus, Moldova and Belarus. It is worth stressing that, when acting in both ways, the Baltic States should make use, to the possible extent, the tools related to their increased structural power, as a result of their membership of NATO and the EU.

Baltic activities in the post-Soviet space should be focussed on the following directions:

*First*, strengthening political independence of Belarus and Ukraine from Russia;

*Second*, strengthening the development of civil societies and democracy in South Caucasus states; supporting the internal consolidation of this sub-region, which would curb Russian military and political influence in separate South Caucasus countries, and seeking to increase the role of South Caucasus sub-region as an alternative corridor for oil and gas transit to Europe, thus, reducing the Baltic dependence on Russian energy resources.

*Third*, supporting the integration of Ukraine, South Caucasus states (especially Georgia) and Moldova into Euro-Atlantic security structures;

*Fourth*, seeking to neutralise the impact of Russia's created system of 'geopolitical hostages' – separatist structures in Transdnistria, Abkhazia, and South Ossetia - on the political orientation of Moldova and Georgia;

*Fifth*, supporting regional security projects, such as GUAM;

*Sixth*, changing Russia's attitude to the limits of her 'sphere of influence' or 'natural interest zone'. One of the key factors, which supposes, in Moscow's view, the subordination of the Baltic States to Russian sphere of influence, is the Kaliningrad *oblast*. Therefore consequent 'europeanization' of the Kaliningrad region would turn it from a political object into a subject, which, even remaining as an integral part of Russia, would be more under EU, rather than Russian, influence. The Baltic States



should seek further demilitarisation of Kaliningrad or, at least, the reduction of a relative influence of the military sector on the functioning of the *oblast*.

The real conditions for Russia's 'opening' to the West may appear only if Russia starts to implement fundamental internal reforms, first of all, the programme of liberalisation of her national economy. This process could be pursued with the help of supporting efforts of Western European states and international organisations (e.g. the WTO and International Monetary Fund), which possess structural power levers to liberalise Russian economy. Economic liberalisation would enable: first, to limit the influence of Russian political regime on commercial economic structures; second, to increase opportunities for Western capital to enter Russia's domestic market; third, to create conditions for the CIS and the Baltic States to transform their direct dependence on Russian specific sectors (primarily the energy sector) into 'contractual' dependence on autonomous subjects (private firms) of the Russian economy; fourth, to establish conditions for Russia's political 'binding' to the West.

The enduring goal of the energy policy of the Baltic States is to considerably reduce their energy vulnerability, i.e. three-fold dependence on Russian energy: dependence on import, dependence on one source and dependence on infrastructure – gas and oil pipelines. Seeking to minimise such a dependence, it is of crucial importance for the Baltics to intensify energy dialogue with Western European and CEE states, as well as with the states of the Caspian Sea region (South Caucasus) and Central Asia, which are extracting oil and gas.

Taking into account the strategic imperatives of Russia's European and international agenda, the Baltic policy vis-à-vis Russia should be two-fold:

*First*, a positive and comprehensive Russo-Baltic dialogue is possible in the event that Russia abandons her hidden expansionist strategy and allows democratic processes to intensify within the state, and consistently implements economic reforms, first of all the liberalisation of the energy sector.

*Second*, as long as Russia's cooperation with Western security structures is based on the logic of concert of great powers, and essential Russia's political and economic reforms are further delayed, preventive measures should dominate Baltic policies towards Russia. In other words, the Baltic States should pursue a policy of 'cautious neighbourhood': not dissociate themselves from Russia, make use of all the advantages of cooperation with her, and, simultaneously, to constantly monitor Russia-related threats and undertake preventive measures to neutralise them.

Two major groups of Baltic foreign policy needs vis-à-vis Russia can be identified: the defensive/preventive needs and the cooperative needs or the policy of engagement. The fulfilment of these principal needs (two equally important goals) is related with two factors:

*First*, Russia's involvement in the Euro-Atlantic space is possible only if Russia is ready to be involved as an equal partner but not seeking to increase her structural power, which potentially may be directed towards suppression of the Baltic interests.

*Second*, the regular maintaining and strengthening of relations with Russia, as well as cooperation with Russian representatives in multilateral formats, should take such



means and forms that contribute to the creation of a positive image of the Baltic States, or at least do not increase Russia's opposition to the Baltics.

The defensive/preventive needs encompass the three kinds of goals to be pursued seeking to reduce current Russia-related threats to the Baltic States.

*Political goals* include: making Russia a credible and predictable partner; promoting democratisation and political pluralism in Russia via Euro-Atlantic structures; not permitting Russia to halt the EU's internal integration and, by exploiting of the NATO-Russia Council, to take control of the Alliance's agenda and undermine the effectiveness of NATO decision making; and reducing the influence of Russia's military structures and special services on her foreign policy and on political, economic and social processes of neighbouring states.

*Economic goals* comprise: lessening the dependence of Russian economic subjects on the political regime; boosting the attractiveness of the Baltic States as economic gateway between the West and the East; and reducing Russian influence on the economic subjects of the Baltic countries.

*Social, cultural and informational goals* are: strengthening Russia's orientation to internal social stability aimed at creating the 'welfare state' and curtailing Russia's cultural and informational expansion to the Baltic countries for the purpose of propaganda and disinformation (i.e. seeking to increase tension in Russo-Baltic relations, provoke the division within the Baltic societies, impair the image of the Baltic States, and so on).

The realization of the cooperative needs should be based on supporting Russia's positions on separate areas provided this is not against the Baltic interests. With the help of EU-Russia and NATO-Russia cooperation mechanisms the Baltic States should seek to positively influence the agenda of Russian foreign and domestic policy. There are several directions that provide opportunities for maintaining cooperative Russo-Baltic relations:

*To promote mutually positive rhetoric (public discourse) in Russia and the West.* The Baltic States should seek to form a favourable discourse and public opinion within the Russian society, the elite and other specific groups. The ways of achieving this goal include the presentation of positive aspects in Baltic-Russo relations, foreseeing the 'target audiences' (e.g. Russia's big European cities), involving cultural activities, and so on.

*To support Russia-EU cooperation on 'four spaces'.* Efficient cooperation in this sphere may help achieve not only 'civilised' relations between Russia and the EU based on European values but also the realisation of some specific Baltic interests. For instance, economic cooperation between Russia and the EU, including the Baltic States, may help them strengthen the status of gateway between the West and the East. It should also promote more rapid social and economic development of the Kaliningrad *oblast*. The Baltic countries should aim for this Russia-EU project to become an effective



mechanism of engaging Russia in European space but not to turn to an additional room for Russia's geopolitical manoeuvres.

*To support Russia's membership in the WTO.* Russia's involvement in the liberal trans-continental network would increase opportunities for the Baltic States to transform their current dependence on Russian energy sources to 'contractual' dependence, i.e. relations based on the principles of business and the law.

*To promote practical cooperation with Russia in the security area.* The Baltic States should particularly support Russia-NATO-EU cooperation in the fight against terrorism. In addition, they may initiate common projects or exercises in the Baltic Sea and invite Russian officers to Baltic military education institutions; this would contribute to the building of mutual trust and confidence between Russia and the Baltic States.

*To promote the building of civil society and social activities in Russia's 'pilot' regions,* such as Kaliningrad, Pskov, St. Petersburg. The key sectors that need such a support are protection of human rights, environmental security, cooperation between public and private sectors, and so on.

*To promote projects of regional cooperation in 'pilot' regions.* This would open additional opportunities for the Baltic States to demonstrate the advantages of their active policy in these regions.

*To intensify pragmatic economic, social, and cultural relations.* The Baltic States, jointly with other Western countries, may provide consultations for Russia's private sector and NGOs.

*To support Russia's mediating role in relieving possible threats to regional and global security.* The Baltic support to such Russian activities or the recognition of Russia's role in maintaining stability in the international system, provided this does not contradict national interests of the Baltic States, should contribute to constructive Baltic-Russo interaction in international formats.

By and large, all these Baltic activities should be focussed on involving Russia in European space. This particularly concerns the neighbouring region – the Kaliningrad *oblast* – that has a direct border with Lithuania. Kaliningrad is not only a challenge but equally a 'window of opportunity' for Lithuania's cooperative initiatives. The key Lithuanian policy goal towards Kaliningrad is to design the model of the *oblast's* development that is congruous with Lithuanian and European interests and to identify the conditions, which would allow to promote political and economic transformations of the *oblast*.

By solving (or largely only imitating the process of solution) economic and social problems of the *oblast* in the 'encirclement' of Euro-Atlantic structures, Russia prefers a bilateral engagement with big Western European powers, first of all Germany, while bypassing Kaliningrad's immediate neighbours – Lithuania and Poland. Thus, Russia artificially increases tension between EU members and reduces opportunities for regional cooperation among the Baltic Sea states in solving the Kaliningrad's problems



in substance. On the other hand, Russia, by escalating the Kaliningrad problem, uses it as a blackmailing tool ('geopolitical hostage') in order to get concessions in other areas of Russia-NATO and, particularly, Russia-EU relations. Such tendencies are very unfavourable for Lithuania, since she is eliminated from the solution of the Kaliningrad-related issues and becomes a potential hostage of agreement between Russia and Germany (and eventually the EU).

That said, one of the major tasks of Lithuanian policy vis-à-vis Kaliningrad is to restrict Russia's possibilities to exploit the Kaliningrad issue on a bilateral level of large European powers. The solution of the Kaliningrad-related problems should be sought on a local or regional level. In other words, the elimination of the Kaliningrad issue from a bilateral big-power level should correlate with a growing influence of Lithuania, Poland and other regional players (the Nordic states) in solving questions related to the political and economic status of the *oblast*. The task for Lithuania, by acting jointly with Poland, is to consolidate her participation in decision-making process vis-à-vis Kaliningrad. This is the first necessary condition when seeking the balanced development of the *oblast*. The second condition is the transformation of the Kaliningrad *oblast* to a 'pilot' region: this would create conditions for geopolitical change and encourage the *oblast's* move towards political autonomy. Moreover, the concept of a 'pilot' region should be based on the creation of favourable economic environment for foreign investments in the *oblast* (as a free economic zone), the penetration of Western capital and the increase of transit importance of the region. Finally, the third condition - demilitarisation of Kaliningrad would weaken 'centripetal' tendencies in the *oblast*, i.e. its dependence on the federal centre.

It is possible to affirm that Russia and the EU command sufficient political and economic power to turn the Kaliningrad region to a successful model of Russia-EU cooperation – a 'pilot' region. It is equally obvious that a key condition for such a transformation is liberalisation of Russian policies in both economic and political sectors. On the other hand, current actions of the federal centre show that critical changes in its policies vis-à-vis Kaliningrad, at least in a short-term, are hardly possible: Moscow takes priority of the political centralisation of the state, which implies the political subordination of the region. This sets the goal for the Baltic States, particularly for Lithuania: when decreasing Kaliningrad's vertical subordination to the federal centre, to engage the *oblast*, as much as possible, in the EU space.

The achievement of this goal would require the implementation of the following tasks:  
*First*, in order to achieve solidarity among EU states vis-à-vis Kaliningrad, it is necessary that the Kaliningrad question should be considered at EU-level, not at a bilateral level of big European powers;  
*Second*, to initiate projects that would involve the *oblast* in the networks of European infrastructure;  
*Third*, to monitor economic processes in the *oblast*;  
*Fourth*, to initiate the establishment of coordination centres in the Baltic States (in Lithuania) that would be responsible for the formulation and taking control over coherent Baltic policies vis-à-vis Kaliningrad; to intensify cooperation with the region at a municipal level;



*Fifth*, to intensify the dialogue between Baltic and Kaliningrad societies, especially between economic and academic elites with the aim of promoting the formation of Kaliningrad identity and the *oblast*'s integration into the Baltic region.

All in all, a positive agenda must be worked out to bring Russia closer to the Euro-Atlantic community and involve her into an open dialogue on security and defence affairs. NATO-Russia and EU-Russia relationships, entering new levels of cooperation, provide the Baltic countries with an opportunity to bring the expertise of their relations with Russia to the NATO and EU tables. The Baltic States should continue pursuing a policy aimed at creating stability and security zone in the EU's Eastern neighbourhood, which is perfectly in line with EU policy toward a Wider Europe. The Baltic contribution should include democratisation and strengthening the political independence of these Eastern neighbours and participation in the initiatives aimed at spreading security and stability as well as reducing development gap further east.

<sup>1</sup> These terms are used in Laurinavičius, Motieka, Statkus, p. 324.



## **GLOSSARY**

**ABM - Anti-Ballistic Missiles**

**BALTBAT – Baltic (Peace Forces) Battalion**

**BALTDEFCOL – Baltic Defence College**

**BALTNET – Baltic Air Surveillance Network**

**BALTRON – Baltic Naval Squadron**

**BALTSEA – Baltic Security Assistance**

**BCM - Baltic Council of Ministers**

**BNS – Baltic News Service**

**BSR – Baltic Sea Region**

**CBC- cross-border co-operation**

**CBSS - Council of the Baltic Sea States**

**CFDP – Council of Foreign and Defence policy (in Moscow)**

**CFE – Conventional Forces in Europe**

**CFSP - Common Foreign and Security policy**

**CIS - Commonwealth of Independent States**

**CRC - Control and Reporting Centre**

**CRRF – Common Rapid Reaction Forces**

**CSBM - confidence and security building measures**

**CSCE - Conference for Security and Cooperation in Europe**

**CSO - Collective Security Organisation**

**CSIS - Centre for Strategic & International Studies**

**CSR – Common Strategy on Russia**

**CSRC – Conflict Studies Research Centre**



**CSTO - Collective Security Treaty Organisation**

**DCMT - Defence College of Management and Technology**

**DIIA - Danish Institute of International Affairs**

**DWP – Defence White Paper**

**EAPC – Euro-Atlantic Partnership Council**

**EC - European Commission**

**EEC - Eurasian Economic Community**

**ENP - European Neighbourhood Policy**

**EUPM - EU Police Mission**

**ESDP – European Security and Defence Policy**

**FAPSI - Federal Agency for Government Communications and Information**

**FBGS - Federal Border Guard Service**

**FDI - foreign direct investment**

**FIG - financial-industrial groups**

**FIIA - Finnish Institute of International Affairs**

**FIS - Foreign Intelligence Service**

**FSB - Federal Security Service**

**FSU - former Soviet Union**

**FTD – facilitated transit document**

**FRTD - facilitated rail travel document**

**G-8 - Group of Eight**

**GS – General Staff**

**GUUAM - Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova (see explanation in vocabulary)**

**IAIR - Institute for Applied International Research**



IAIR –Institute for Applied International Research

IASPS – Institute for Advanced Strategic & Political Studies

ICBMs - Inter-Continental Ballistic Missiles

IISS - International Institute for Strategic Studies

IIRPC –Institute of International Relations and Political Science

INOGATE - Interstate Oil and Gas Transport to Europe

JHA - Justice and Home Affairs

LATA – Lithuanian Atlantic Treaty Association

LIIA - Latvian Institute of International Affairs

MIC – military industrial complex

NAC - North Atlantic Council

NACC – NATO Atlantic Cooperation Council

NATINEADS - NATO Integrated Air Defence System

NCOs – non-commissioned officers

ND – Northern Dimension

NCM – Nordic Council of Ministers

ND – Northern Dimension

NEGP - North European Gas Pipeline

NEI - Northern European Initiative

NGO - non-governmental organisation

NI – Nida Initiative

NMD - National Missile Defence

NPP – Nuclear Power Plant

NRC - NATO-Russia Council



OPEC - Organisation of Oil Exporting Countries

OSCE - Organisation for Security Co-operation in Europe

PCA - Partnership and Cooperation Agreement

PfP – Partnership for Peace

PRF - Permanent Readiness Forces

PJC - Permanent Joint Council

RASCC - Regional Air Surveillance Co-ordination Centre

RIIA – Royal Institute of International Affairs

RRF - Rapid Reaction Forces

PRF – Permanent Readiness Forces

R.U. E. - Russia in the United Europe

CSIS - Center for Strategic & International Studies

SCO - Shanghai Cooperation Organization

SCSI - Strategic and Combat Studies Institute

SES – Single Economic Space

SEZ - Special Economic Zone

SMEs – Small and Medium Enterprises

SOFA – Status of Forces Agreement

SOR - Strategic Offensive Reductions

TACIS – Technical Assistance to the CIS

UES – Unified Energy Systems

VD – Vienna Document

WMD - weapons of mass destruction

WTO - World Trade Organisation



## VOCABULARY

*Change of a state's geopolitical influence* – a change of a state's power inside a geopolitical region and/ or in regard to other geopolitical subjects (liberation from influence, spread of influence, control, division/sharing of influence, loss of influence, retreat, dependency).

*Concert of great powers* – an informal union of great powers showing their interests to solve international problems by consent. It is based on the logic of geopolitical maneuvering.

*De-occupation* - the consolidation of independence; it encompasses legal, political and economic de-occupation.

*De-securitization* - is to be understood as the shift from hard security issues back to the normal political game and bargaining.

*Geopolitics* traditionally indicates the links and causal relationships between the political power and geographic space. It studies political and strategic significance of geography, which is defined in terms of the location, size and resources of places. It combines *geo-economics (geo-energetics)* and *geo-strategy*.

*Geo-economics* – analyses the distribution of economic power and the changes of this distribution across the Earth. It can be defined as the concentration of economic power and its projection to achieve political goals.

*Geo-energetics* – analyses an uneven spatial distribution of energy resources in the Earth and particularities of their transportation, how this inequality gives geo-economical and, eventually, geopolitical supremacy for particular political subjects over others and how this supremacy can be exploited or neutralised. It is about concentration of energy resources and projection of power to achieve political goals.

*Geopolitical bridge(gateway)* – a spatial political entity, which connects (i.e. performs the function of a bridge) different geopolitical regions, also regions and states, thus facilitating the exchange of people, ideas and goods.

*Geopolitical buffer* – a neutral state or group of states, which separates territories or zones of influence of geopolitical actors (or their allies), thus lowering the probability of direct conflict.

*Geo-strategy* – a long-term concentration of a state's power and its projection in various dimensions of space (land, sea, air, outer space, cyberspace) to achieve its own objectives. The state's geo-strategic position is its capacity to spread its power or to block others' attempts to do so in those spatial dimensions.

*GUAM/GUUAM* - Georgia, Ukraine, Azerbaijan and Moldova Group formally founded in 1997 as a political, economic and strategic alliance designed to strengthen the



independence and sovereignty of these CIS countries. The group was created as a way of countering the influence of Russia in the area. In 1999, it was renamed GUUAM due to the membership of Uzbekistan, which, however, withdrew from the organisation in 2005, causing the restoration of the original name.

*Modernity and post-modernity* – refer to changes in social and economic institutions. Modern can mean all post-medieval European history in the context of dividing history into three large epochs: Ancient history, the Middle Ages and Modern. In general, modernity reflects industrial society; post-modernity – post-industrial society.

*Modernism and post-modernism* (not to be confused with modernity and post-modernity) – are associated with aesthetic and intellectual movements such as in the architecture and literature.

*Regionalization* - as a concept, it is part of integration theory. Within this framework, various criteria are employed for identifying different regional configurations: geographical (location), economic, transactional (volume and frequency of exchange of people, goods and services), and so on.

*Relative power of the state* – the potential or capability of the state to control the interaction with other states; it is the entirety of various resources of the state (military, economic, social, political and cultural ones).

*Securitization* - a term introduced by the so-called Copenhagen School. It refers to the processes whereby interaction becomes centred on issues of hard security.

*Structural power of the state* – the capability of the state to set the rules of international relations, its agenda and the rules of decision making.



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# APPENDICES



## Appendix A: Economic Reform

Is Russia's economic transition over? According to Vladimir Mau, Director of the Centre for Economic Reform of the Russian Government, Russia faced four transition processes within 10-15 years. The first was an economic crisis, which lasted longer than in Poland but shorter than in Belarus or Argentina. The second was post-economic transition, having a very specific character in Russia. But the most important was the third process – the crisis of industrial society, which might be compared to the crisis in the U.S. in the 1970s. Finally, the fourth process is revolutionary transformation. The government is not able to control it and, in Mau's view, this explains everything what the previous three processes could not explain.<sup>1</sup>

The first three processes are over; macroeconomic stabilisation has been achieved, and the process of revolutionary transformation, involving both the dismantling of the old state systems and their subsequent rebuilding, comes to an end as well. Whilst to some extent Russia is a modern and technologically advanced country, she faces challenges different from those experienced by Western countries in the 1970s during their transition from industrial to post-industrial societies.<sup>2</sup> The post-communist transformation of the Russian economy from totally state-controlled to a market economy has had an impact on this transition process. In short, the post-communist period is over, and the current real challenge for Russia is the country's transition to post-industrialisation; this process can only be described upon its completion. In Mau's view, it is more accurate to describe the current Russia's phase of reform as post-industrial 'catching up'.<sup>3</sup>

In 2001, by resuming market reform, Putin sought to prove that the consolidation of power was not a goal in itself. Putin's agenda came into focus: a strong state with elements of authoritarianism in combination with some kind of economic liberalism. Putin used Portugal's level of economic development as a stage that Russia needs to reach quickly. Even if Russia's GDP grows at 8 percent a year, it will take her 15 years to catch up with today's Portugal or Spain.<sup>4</sup> In other words, it could take a generation for Russia to fix her economic problems: for the next 15-20 years Russia will lag behind the leading group of industrial countries even if she succeeds in implementing a successful economic policy.

The dimensions of Russia's integration into the world economy, as of any other country, have, among others, institutional aspects. Putin has consistently promoted Russia's greater integration into economic supranational entities - the EU, the WTO and the G8. Economic growth and integration into the world economy dominated several of his annual State of the Nation speeches, delivered to the Federal Assembly of the Russian Federation. In May 2003, Putin set the target - the country's gross domestic product (GDP) must double in ten years (i.e. by 2012). Putin also noted part of the problem: 'Russian bureaucracy has proven ill-prepared', and part of the solution: 'the success of the country greatly depends on the Russian entrepreneur's success', which requires a long way to go.<sup>5</sup> In 2004, after the re-election for a second term, in his annual address to the Federal Assembly Putin outlined plans to keep the country from



being 'pushed to the outskirts of the global economy', saying that Russia needs 'to grow faster than the rest of the world'.<sup>6</sup> He predicted that the country's economy would double by 2010 (instead of the previous target date of 2012), bringing down annual inflation to 3 percent within the same timeframe. The real essence of Putin's economic agenda is a plan to establish a full mortgage market. This would not only allow citizens to develop equity but would also provide reliable income for domestic investment – something Russia has lacked for many years. No less important is Putin's aim to achieve a fully convertible rouble, which would remove one of the most serious obstacles to foreign investment. In order to create a viable market, further structural reorganisation of the Russian economy is badly needed in key sectors, including banking reform, the creation of securities market, a reduction in state regulation, and the expansion of private initiative. The question is whether the Kremlin feels the urgency to push these reforms.<sup>7</sup>

It is obvious that Putin's reforms require closer cooperation with the West. After the enlargement, the European Union started to account for over 50 percent of Russia's foreign trade turnover. Putin attaches a high priority to the WTO membership, motivated primarily by political and civilizational factors. Not belonging to the WTO, Russia cannot pretend to be an integrated and 'normal' member of the international community and successfully promote her economic interests abroad. At the same time, Moscow's selective understanding of 'integration' is reflected in its attempts to obtain membership on concessionary terms.

Russia's integration into the world economy is not confined to the flow of goods, capital and labour. An area where much remains to be done is the building of the infrastructure, linking Russia with the world economy, which, in turn, requires heavy capital investment. Therefore radical improvement in investment growth is a major objective for the government. A major obstacle to attractng foreign investments is high level of regulation of the Russian economy. According to Evgeny Gavrilentov, the Russian economy is very closed at 'exit points'.<sup>8</sup> There is a direct correlation between the level of regulation of Russian economy, the concentration of bureaucracy and the investment ratio: the more economically regulated the region, the more bureaucrats and the less investment rate it has. Futhermore, the more bureaucracy is growing, the less small business is being developed and the higher unemployment is.<sup>9</sup>

Pursuing his state building and modernisation project, Putin realises that Russia needs an effectively functioning private-sector economy to thrive. However, while the command economy was dismantled, a functioning market economy has not flourished. Many state-owned enterprises enjoy a privileged position, despite the fact that business in the private sector is generally more efficient. Advantageous procurement contracts, clear conflicts of interests among state officials and pursuit of political projects are the most prominent features of the state-owned business sector.

Where Russia remains particularly weak is in promoting SMEs. According to Opora, a small business lobby group, in 2004 a number of SMEs reached 950,000, accounting for 13 percent of GDP compared with more than 50 percent in many Western economies.<sup>10</sup> Furthermore, what Russia has not achieved is competitive manufacturing industry. Russia is almost left out of the revolution of information technology, let alone the post-



industrial development as such. The systematic risks of investing in Russia remain high, and the total volume of FDI is very small compared to the scale of the Russian economy and its potential.<sup>11</sup> As a result of the Yukos affair, investor confidence has declined and foreign investment slumped due to the fear of instability.<sup>12</sup>

<sup>1</sup> Mau, V., 'Building and economy to underpin political progress and social change', Presentation at the Wilton Park Conference 668 'Putin's Russia: Two Years on' (UK, 11-15 March).

<sup>2</sup> A transition phase often described as 'stagflation'; there is a decline in more traditional sectors with substantial growth in new sectors (in Russia, the telecommunications and electronic industries are growing annually by as much as one third since 1998). Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Starobin, Fairlamb, Crock, p. 49.

<sup>5</sup> 'Poslaniye Federal'nomu Sobraniyu Rossiyskoy Federatsii' [Address to the Federal Assembly of the Russian Federation], Moscow, the Kremlin (16 May 2003); <http://www.kremlin.ru/events/detail/2003/05/44646.shtml>.

<sup>6</sup> 'Poslaniye Federal'nomu Sobraniyu Rossiyskoy Federatsii' (2004).

<sup>7</sup> The Ten-Year Strategic Programme (sometime known as the Gref Programme) is to tackle many issues necessary for the country's economic progress, including tax reform, fiscal reform, the Land Code, banking reform, pensions reform, etc.

<sup>8</sup> Gavrilentov, E., 'Foreign direct investment: what needs to be done to maximise the prospects for foreign direct investment', Presentation at the Wilton Park Conference 'Putin's Russia: Two Years on' (UK, 11-15 March).

<sup>9</sup> Average concentration of bureaucracy is 8 bureaucrats per 1000 people, but in some regions it reach 16-17 per 1000. Ibid.

<sup>10</sup> Buckley, N., 'With his eye on keeping control, Putin misses a moment for economic reform', in *Financial Times* (15 Apr 2005).

<sup>11</sup> Bilt, C., 'Europe Puzzled by Recent Developments in Russia', in *Russia in Global Affairs* (Dec 2003); [http://eng.globalisation.ru/live/print\\_article.asp?id=5162](http://eng.globalisation.ru/live/print_article.asp?id=5162).

<sup>12</sup> Tompson, W., 'Putin and the 'Oligarchs': A Two-Sided Commitment Problem', Prospects for the Russian Federation Project (Chatham House, Aug 2004).



## Appendix B: NMD and ABM

The Russian policy response to the NMD plans of the United States had combined alarm and assertiveness with a willingness, particularly demonstrated after 9/11, to find some kind of a compromise, i.e. some sort of a legally binding document to be signed on offensive arms limitation. For years, Russia used to warn that loss of the 1972 ABM Treaty would undermine the nuclear strategic stability on which the delicate balance of forces rested during the Cold War. Moscow claimed that without this treaty other arms control agreements could not stand, and threatened a new arms race that would restore the Cold War acrimony. For Russia, the ABM Treaty was a guarantee against U.S. building a shield that would render worthless Russian nuclear arsenal - one of the last remaining tokens of her superpower status - by creating the possibility, however hypothetical, of an American first strike.

Yet, some changes occurred between the first Russian warnings in 1999 and Bush's decision in December 2001 to withdraw from the treaty. At the very start the idea of a disagreement between American and Russian presidents about U.S. missile defence plans was seen as a looming diplomatic disaster. But given the new warmth between the leaders since the 9/11 terrorist attacks, the difference of opinion over this issue was expected not to divide Russia and the United States. By calling it merely a 'mistake' rather than a catastrophe, Putin claimed that it would not cause a crisis situation in Russian-U.S. relations, as it was expected. Not only had Moscow withdrawn from any arms control agreements; instead, Russia and the United States started to move forward with the discussions for a new agreement on deep cuts in strategic arms that would not threaten the interests of both countries and of the world.<sup>1</sup>

Was it just 9/11 that so fundamentally altered the strategic environment from Putin's perspective that his views on nuclear issues underwent such a metamorphosis? Or did Putin recognize that in Russia's weakened condition there was little his country could do in response to the U.S. offensive and defensive nuclear strategy that would advance American interests? No single explanation is sufficient. To understand the response of the Putin administration to the U.S. withdrawal from the ABM Treaty one must account for 9/11 and changing Russian foreign policy priorities, the post-Cold War structure of the international system, and particularly, Putin's calculations in a domestic and foreign policy context.

In short, what happened was that the Russian government, to borrow Celester Wallander's phrase, has bet it 'will not lose as much from a world without [the ABM] treaty as it will gain from the United States willing to co-operate'.<sup>2</sup> In keeping with this new mood, the U.S. gave Russia something she badly wanted - an agreement by both sides to slash the size of their strategic arsenals from the current total of about 7,000 deployed nuclear warheads to a fraction of that number - to between 1,700 and 2,200 over the next ten years. This agreement came just in time to relieve Russia of a financial burden that she could not sustain. Russia ideally liked the number of warheads reduced to 1,500 each. Thus the agreement to cut nuclear delivery systems to below 2,200 per side produced neither relief nor apprehension.



Given the improbability of Western nuclear or conventional attack, the formalisation of arms control agreements with the United States became above all important for Russia geopolitically. The whole of Russia's vehement opposition to U.S. strategic missile defence plans should be seen in this light. The real point in resisting Washington's plans was that Moscow was no longer able to challenge them. In short, the damage was not to Russia's physical security, but to her 'geopolitical stature and self-respect'.<sup>3</sup>

The deep power asymmetry between the United States and Russia meant that, when it came time for changes in their relationship, in many respects Moscow did not have a choice but to go along with what the Bush administration wanted. However, the U.S. withdrawal soon after the American-Russian rapprochement in the wake of 9/11 was 'an embarrassing slap in the face'<sup>4</sup> and a disappointment for Putin. His relatively mild response to U.S. withdrawal could thus be seen as an attempt to distract attention from Washington's poor treatment of Moscow, which seemed to suggest that Russia was not in fact that important in the post-9/11 world'.<sup>5</sup>

Apparently, Russia accepted, from a position of weakness, a deal with the United States on nuclear weapons – sensible, given that she was barely able to keep the ones she had – and Putin decided not to make a fuss about American intension to build missile defences. It was also understandable that even if Russia had insisted in the preservation of the ABM Treaty, she could do little about it in practical terms as the U.S. was pushing ahead with the NMD.

For American officials, this change of stance by the Kremlin was a welcome re-interpretation by Russia of her own interests. The anti-missile defences, which the U.S. wanted to deploy were not directed at Russia's large rocket forces, but at the much smaller arsenals that 'rogue states' (Iran, Iraq or North Korea) may one day direct at the United States. Whatever the scope of the American system, it was unlikely to be extensive enough to stop a full-scale attack by hundreds of Russian rockets. From this point of view, Russia had every interest in giving U.S. the flexibility she wanted, as long as Moscow was able to extract a high enough diplomatic price.<sup>6</sup>

As Sergey Rogov, Director of the Russian Academy of Sciences' Institute of U.S. and Canada Studies, noted in the beginning of 2002, 'Russian-American treaty on mutual security could replace the 1972 ABM Treaty'. In his view, such a document would never end up as the ABM Treaty did, for 'it will be a document concerning political and military partnership rather than reciprocal control'.<sup>7</sup> It is noteworthy that during the whole period of talks with his counterpart, Putin wanted to codify the cuts in a fully-fledged arms control treaty - complete with timetables and verification. Bush, however, insisted that a gentlemen's agreement or handshake would suffice.

To quote Andrew Kuchins, Director of Russian and Eurasian Programme of Carnegie Endowment for International Peace, Russia 'faced (...) a choice between a bad treaty or no treaty at all'<sup>8</sup> - between accepting a treaty that allows maximum flexibility for both the U.S. and Russia or risking the complete demise of arms control regime. The final outcome - the Strategic Offensive Reductions (SOR) Treaty<sup>9</sup> that was signed in Moscow in May 2002 and called 'the funeral of the Cold War'<sup>10</sup>, bears little



resemblance to the comprehensive treaties that were at the heart of international arms control efforts since the 1970s.<sup>11</sup>

Declarations of good intentions notwithstanding, the treaty's main deficiency is the lack of clear-cut control mechanisms: there are 'no timetables and very little monitoring'. Instead, there is 'much discretion whether to store rather than scrap the weapons'.<sup>12</sup> Parties to the treaty will be free to mix and match their arsenals, subject to the rules agreed under START I Treaty, which forms the legal underpinning for the new treaty.<sup>13</sup> This suits the United States, which wants to keep maximum flexibility. But it presents a dilemma for Russia, which faces growing pressure to downsize her nuclear stockpile, not least for financial reasons. Russia also had to swallow hard to accept an unusually short notice for withdrawal from the treaty and the absence of any explicit links to U.S. plans for a missile defence system.<sup>14</sup>

By and large, in the past decade, Russian-U.S. relations have changed drastically including their relations in the nuclear sphere. Both sides have reached an unprecedented level of mutual transparency in the nuclear field, which was impossible to imagine during the Cold War. Nevertheless, in their doctrines and operational plans for the use of strategic nuclear forces, both Russia and the U.S. continue to proceed from the concept of mutual nuclear deterrence. What is more, it was Putin's tactic to play down the idea of strategic stability (as he did with other geopolitical concepts), but this in no way signifies its irrelevance. Moscow's insistence that nuclear weapons reductions would be formalised in a legally binding agreement with Washington demonstrated its continuing attachment to strategic stability and parity, and to preserving what it can of Russia's geopolitical status. The importance of these priorities was so overriding that Moscow showed unusual flexibility on such contentious issues as the disposal or storage, instead of destruction, of nuclear warheads to be eliminated according to the agreement.<sup>15</sup>

In summary, Russian acquiescence on this deal is another step forward in U.S.-Russian relations, going beyond mutually assured destruction, but hardly a conclusive leap. For one thing, it was the most radical cut in history in strategic nuclear stockpiles. For another, sceptics say that the SOR Treaty, albeit being heralded as a landmark treaty and as 'the final nail in the coffin of the Cold War'<sup>16</sup>, may have limited practical effect. Clearly, it will be implemented because both sides have reasons to reduce their nuclear stockpiles unilaterally anyway. And doing together helps build mutual trust. Perhaps even more important is that parties also agreed to a New Strategic Framework, a political declaration that redefined the U.S.-Russian agenda, with a new emphasis on co-operation and joint action to face the common problems that confront them in the new millennium.

The most salient conclusion that could be drawn from Russia's position on the ABM Treaty withdrawal and the SOR Treaty is that, ironically enough, Moscow is taking a 'major step towards getting beyond the parity paradigm'<sup>17</sup> that has characterised the U.S.-Russian nuclear relationship. Although the Treaty maintains the appearance of parity, reality looks different. Because of financial constraints, Russia is likely to deploy 1,700 or fewer nuclear warheads while the United States will remain at the 2,200 warhead upper limit allowed by the Treaty.<sup>18</sup> Nuclear parity will therefore no longer



exist. Thus, the SOR Treaty is the 'first document that does not regulate mutual nuclear deterrence in U.S.-Russian relations'.<sup>19</sup> At the same time, it does not offer a new basis to replace deterrence for developing a relationship between the U.S. and Russia. Nor does it create a genuine 'new framework for strategic stability'<sup>20</sup>, which has lately been the subject of expert deliberations on both sides.

All in all, the SOR Treaty, in all probability, will be the last 'traditional' arms control agreement, which had dominated the Russian-American relations since the 1960s. Some analysts are brave enough to conclude that if the tendency, which is emerging today, persists, the new agenda in U.S.-Russian relations will be less and less based on arms control. It could be assumed that it would be supplanted by two new groups of interconnected issues: preventing the proliferation of WMD and combating terrorism.<sup>21</sup> For the time being, such prognosis looks too optimistic and goes beyond Putin's neo-realist perspective on international relations.

<sup>1</sup> 'Arms and the men', in *The Economist* (Nov 16, 2001), p. 19.

<sup>2</sup> Wallander, C. A., 'Russia's Strategic Priorities', in *Arms Control Today* (Jan-Feb 2002); [http://www.armscontrol.org/act/2002\\_01-02/wallanderjanfeb02/asp](http://www.armscontrol.org/act/2002_01-02/wallanderjanfeb02/asp).

<sup>3</sup> Lo, *Vladimir Putin and the Evolution of Russian Foreign Policy*, p. 88.

<sup>4</sup> Kuchins, A. C., 'Explaining Mr. Putin: Russia's New Nuclear Diplomacy', in *Arms Control Today* (Oct 2002); [http://www.armscontrol.org/act/2002\\_10/kuchinsoct02.asp](http://www.armscontrol.org/act/2002_10/kuchinsoct02.asp).

<sup>5</sup> Ibid.

<sup>6</sup> Wallander, 'Russia's Strategic Priorities'.

<sup>7</sup> 'Russian expert proposes Russia – US treaty on mutual security instead of ABM treaty', in *Interfax* (10 Jan 2002).

<sup>8</sup> Kuchins, 'Explaining Mr. Putin'.

<sup>9</sup> Treaty between the United States of America and the Russian Federation on Strategic Offensive Reductions, in *Arms Control Today*, Vol. 32, No. 5 (June 2002), p. 9.

<sup>10</sup> Jack Straw, British Foreign Minister, quoted by Richter, P., 'Pact gives Russia a new role in NATO', in *Los Angeles Times* (15 May 2002).

<sup>11</sup> 'Mr Putin's dividends' in *Economist Intelligence Unit Country Briefing* (14 May 2002).

<sup>12</sup> Ibid.

<sup>13</sup> 'A farewell to armaments', in *The Economist* (18 May 2002), p. 47.

<sup>14</sup> 'Mr Putin's dividends'.

<sup>15</sup> Lo, *Vladimir Putin*, p. 89.

<sup>16</sup> 'What we'd like to see at summit', in *Moscow Times*, Editorial (23 May 2002); <http://www.themoscowtimes.com/stories/2002/05/23/005.html>.

<sup>17</sup> Kuchins, 'Explaining Mr. Putin'.

<sup>18</sup> Ibid.

<sup>19</sup> Zagorski, A., 'The New framework for Strategic Stability: An Outlook', in Zagorski, A. (ed.), *The New Agenda in the U.S.-Russian relations* (IAIR: Moscow, 2002), pp. 101-112.

<sup>20</sup> Ibid.

<sup>21</sup> Fedorov, Y., 'Russian-U.S. Relations: From Arms Control to Cooperation', in Zagorski, A. (ed.), *The New Agenda in the U.S.-Russian relations* (IAIR: Moscow, 2002), pp. 83-84.

## Appendix C: Russia's bilateral relations with the CIS countries

For obvious reasons Putin prioritises the CIS countries. Belarus and Ukraine – the states of direct neighbourhood – are the most important countries in the post-Soviet space. In assessing current trends of Russia's relations with Belarus, it is necessary to take various aspects – strategic, military, political and economic. In purely strategic terms, importance of Belarus is obvious: she lies on a traditional, main East-West axis for military invasions; allows Russia a direct access to pipelines, provides Russia with rail and road links to the core countries of the EU and NATO; brings Russia in close proximity to her Kaliningrad exclave; and hosts important Russian defence assets.<sup>1</sup> The geopolitical role of Belarus is probably the most crucial: she represents a 'kind of a rupture in the geopolitical axis that the West is building from the Baltic area to the Black Sea'.<sup>2</sup>

Located in the heart of Europe and bordering with NATO and the EU, Belarus is the last truly autocratic regime left in Europe and Russia's closest Slavic ally. The survival of the anti-Western regime and dictator Alexander Lukashenko is not without the Kremlin's support. Russian diplomacy used to defend this dictatorship in international *fora*, such as the OSCE. Despite Putin's visible distaste for his eccentric Belarusian counterpart, Russia endorsed the dubious election result that returned him to office in 2001 and 2006.

Although Belarus is Russia's closest ally in the CIS, there has been little progress in the formation of the 'union state' and their bilateral relationship has been fraught with tension. In general, relations between Putin's Russia and Belarus 'are in a downward spiral'.<sup>3</sup> Putin has clearly chosen a very pragmatic course towards Belarus - a tactic of delaying integration process. The idea of having a union with Belarus has lost its significance under Putin, despite the fact that military co-operation between these two countries has been moving forward swiftly, especially in air defence. In fact, Lukashenko has nothing to offer Russia both politically and economically. On Moscow's part, it simply is reluctant to subsidise her ally's ruined economy, making only 3 percent of Russia's. Despite this and the country's political isolation within Europe, Belarus has demonstrated opposition to the penetration of Russian capital in her strategic industries, as privatisation would weaken the economic basis of Lukashenko's political regime.<sup>4</sup>

Since assuming the presidency in 2000, Putin has held Lukashenko and his cherished 'union state' at arms length. At the summit in St. Petersburg in June 2002, Putin slammed the very idea of a 'union state', all but killing the prospect, and since then relations have turned colder. The essential question in the creation of a 'union state' is the political form it would acquire upon merging. Putin called for the establishment of a joint state providing his Belarussian counterpart with two options. The first is based on the Russian Federation's constitution and is totally unacceptable for Lukashenko. This would mean that Belarus would stop to exist as a separate entity and be absorbed into Russia county by county, not as a single unit. Another alternative is similar to the EU



model. In this case the states would preserve their sovereignty, but would share common economy and joint currency, which would be the Russian rouble.<sup>5</sup>

Lukashenko's regime is deeply vulnerable. Russia still supplies 80 percent of Belarus' oil needs, nearly all of her needs for natural gas and some electricity, and the country owes Russia some hundreds million U.S. dollars for overdue energy debts.<sup>6</sup> Nevertheless, all the objections pertinent to the creation of a 'union state' notwithstanding, it is hardly likely that Russia will cancel her further integration, as losses will be unavoidable on both sides. First of all, Russia's political authority in the CIS space will weaken tremendously. Moreover, if the confrontation between the two states goes deeper, transit of Russian goods, gas and oil, going through Belarus, will be disturbed. Above all, growing development of a Russian-Belarusian regional military grouping in the Western direction is the key factor that glues these countries and is one of the most crucial security guaranties for the 'union state'. This grouping is perceived as a response to NATO's enlargement and possible deployment of NATO bases near the borders of the 'union state'. Thus, geopolitical, military and economic consequences resulting from the cancelling of integration processes will be more severe than current costs for the creation of a common state. It is likely that a compromised solution to military-political-economic problems will be achieved.

Ukraine, which forms a bedrock in the post-Soviet international order, not just for this part of Europe, but equally for Eurasia, is the most important CIS country for Russia. In the 2002 parliamentary elections in Ukraine Moscow campaigned against Western-oriented, pro-market parties and openly helped anti-reform, corruption-tainted political forces unfriendly to the West. Since the beginning of the privatisation process, Russian capital became increasingly active in the Ukrainian economy (oil refining, aluminium production, telecommunications, and so on). Projects that were met with more opposition involve the international gas consortiums and power grids.<sup>7</sup> But even that was solved: Russian companies gained control over 80 percent of Ukraine's refinery capacity, much of the country's product industry and her oil retail trade. Moscow blocked Western attempts to gain Ukrainian support for the Odessa-Brody pipeline system which would bypass Russia in carrying Caspian oil to the West.<sup>8</sup> In 2004, after nine meetings between Vladimir Putin and Leonid Kuchma, then Ukrainian President, the agreement giving a Russian company (TNK) access to the pipeline was signed. This effectively killed the Odessa-Brody pipeline project supported by the EU. Russia also warned Kazakhstan not to participate in the Odessa-Brody line. Weakening Russia's strong hold over East-West oil and gas pipelines would not be permitted by Moscow.

Prior to Orange Revolution Ukraine's international orientation was twofold. On the one hand, the parliament consisted of reformist, European-minded and indeed pro-NATO majorities, while communists and other leftists suffered massive losses in the 2002 elections. In sharp contrast to Russia's previous troubled relations with the Alliance, Ukraine has a record of close cooperation with NATO for nearly a decade. On the other hand, a former President Kuchma, being the chairman of the council of the heads of states of the CIS since 2003, encouraged his state's engagement with the structures of the former Soviet space. In April 2003, Ukraine became an associate member of the EEC, albeit declared not going to seek a full-fledged membership.<sup>9</sup> Moreover, on 19 September 2003, in Yalta Russia and her three trading partners - Belarus, Ukraine, and

Kazakhstan - signed an agreement on a common economic space (SES). In short, the idea of cooperation with the CIS largely belonged to President Kuchma and his team. It is worth noting a source of instability which emerged in Russian-Ukrainian relations in October 2003. Without notifying Ukraine, Russia began to build a dyke, connecting her coast with the island of Tuzla in the Kerch Strait, close to Ukraine's Crimean Peninsula. As a result, Ukraine issued a protest asserting her non-negotiable sovereignty over the island. Moreover, she deployed troops to protect her border and threatened to abandon free-trade agreements with Russia should the dike cross Ukrainian border. Putin did not order construction halted for about a month, with the dike only about 100 metres from Ukrainian border.<sup>10</sup> This did a great damage to Ukrainian-Russian relations, prompting Ukraine's leadership to seek greater security guarantees through closer cooperation with NATO and reaffirming her intent to join the Alliance despite Russia's opposition.

Many analysts define Moscow's policy toward Ukraine as the latter's 'retention' in the post-Soviet space. By demonstrating flexibility in pursuing multi-vector foreign policy – balancing between Russia and the West (NATO and the EU) - Ukraine has sought to 'restrain this retention'<sup>11</sup>, which has made Kyiv an unpredictable and ambivalent partner for Moscow. The culminating moment of this effort was the 2004 presidential elections, termed Orange Revolution, which brought about a shift in the orientation of Ukraine's foreign policy. Under new President Yushchenko, Ukraine has unambiguously chosen a course towards the West. Yushchenko has publicly set the goals of Ukrainian membership of NATO, EU and the WTO.

At the same time, however, because of domestic reasons, Ukraine has remained mindful of the interests of Russia, which Yushchenko has called 'eternal strategic partner'. Moscow retains many levers of influence on Ukraine, especially in the energy sector (the 'gas war' in the beginning of 2006 perfectly demonstrated this), and Russian investments are seemed to increase following the liberalisation of Ukraine's economy. It is also hardly possible that Ukraine is going to curtail the presence of Russian Black Sea Fleet in Sevastopol, which leased port facilities till 2017.

Being close to Europe, the South Caucasus countries attract much consistent attention from the West. In the Caucasus, Moscow has actively used interventionist policies to establish its dominance. This is understandable given the particularly high strategic importance of the region in terms of energy and its close contacts with the most unstable areas of the Russian Federation, notably Chechnya. Strategically vital Georgia and oil-rich Azerbaijan have cast their hopes with the West. Their choice was reinforced by active American, Turkish, and British engagement. Georgia - along with Azerbaijan – provides the sole westbound corridor for Caspian energy transit, as well as crucial access for U.S.-led coalition forces from Europe into the greater Middle East. Socor argues that Georgia and Azerbaijan 'can only function as a tandem or not at all'; thus Azerbaijan stands or falls together with Georgia. Moreover, a collapse in Georgia would condemn also Kazakhstan and Turkmenistan to permanent dependence on Russia for transiting their oil and gas; and that in turn 'would strengthen Russia's energy leverage on the European Union'.<sup>12</sup> Georgia and Azerbaijan have both been targets of especially active Russian pressure, albeit with different results.



In the late 1990s, after years of using tough pressure tactics against Baku, Moscow switched to a softer attitude, which has yielded better results for a limited rapprochement on energy issues. But in general Azerbaijan regarded Russia as the major supporter of Armenia in the Nagorny-Karabakh conflict and as a main cause of problems related with oil exports from the Caspian Sea. As a result, Russia's relations with Azerbaijan throughout many years progressed little.<sup>13</sup> In December 2003, after the death of the President Haidar Aliev, the Kremlin sought to complicate Azerbaijan's leadership transition by playing repeatedly on a local conflict – the Karabakh problem.

Russia's relationship with Armenia is a different story. Lacking allies, Armenia has been entirely dependent on Russia's energy and product supply. The country, nevertheless, has learned some important lessons. First, Armenia appears to realise that the West, not Russia, can help recover her economy. Second, her economic improvement depends a great deal on the progress toward settling the Armenian-Azeri conflict and normalizing Armenian-Turkish relations. Armenian leadership is thus cautiously embarking on an adjustment of her foreign policy. Without questioning the alliance with Russia, she has realized the need for security cooperation with the United States and NATO.

Georgia bears the brunt of Putin's pressure and is a testing ground of Putin's international conduct. In the Caspian basin, Moscow opposes any trans-Caspian pipelines that would follow the most direct route from the eastern shore to the European consumers, and exercises a near monopoly on the transit of Caspian energy to Europe.<sup>14</sup> All this contradicts to U.S. Caspian energy policy, which promotes 'multiple pipelines' as a major U.S. and Euro-Atlantic interest.

Georgia faces a mix of potentially violent threats from external, regional-separatist and clan-type sources, the overarching factor being Russian exploitation of Georgian state weakness.<sup>15</sup> There have been Russia's ongoing attempts to change Georgia's political course through military pressure and by encouraging ethnic separatism in Georgia's borderlands Abkhazia and South Ossetia. Reasons that have been advanced have included the so-called 'Great Game' over the oil pipelines routes, Moscow's desire for a deep-water port, and so on. The Baku-Tbilisi-Ceyhan oil pipeline built in 2005 should allow Georgia to achieve economic independence.

Despite Russia's conflicting obligation under the agreement on the adapted CFE Treaty signed in 1999 at the OSCE Istanbul summit, Russia still retains three Soviet-era military bases with some 8,000 troops and large arsenals, not to mention two 'peacekeeping' contingents retained without a legal basis and against Georgia's often expressed will.<sup>16</sup> Russia insisted that the withdrawal of Russian military bases from Georgia would be negotiated bilaterally, claiming that Russia has already fulfilled her obligations under the 1999 Istanbul agreement.<sup>17</sup> Russia sought to prolong stationing of her troops in Georgia and wanted high financial compensation for closure and withdrawal. Moscow attributed its prolonged military presence to the need to fight international terrorism in the Caucasus. The obvious goal is permanent military presence.

From Russia's perspective, Georgia represents a convenient target in her 'war on terrorism'. The 'safe haven' (real and imagined) provided to Chechen militants in places like the Pankisi gorge served as a convenient excuse for Russian military setbacks in Chechnya. What is more, Moscow's fixation on the Pankisi problem for some time distracted international attention from its more far-reaching moves to thwart Georgia's Western course. Russia's insistence on the need to destroy the 'safe haven' in Pankisi and to wipe out the 'terrorist threat' on her southern border was too convenient a weapon to use against Georgia. In 2002, President Vladimir Putin and his closest associates were publicly hinting that a free hand in Georgia was part of Russia's price for standing aside if the United States moves against Saddam Hussein in Iraq. U.S. deployment of about 200 special troops on Train-and-Equip mission for Georgian security forces in May 2002 was a political signal about underscoring the Western stake in stabilizing Georgia and safeguarding her independence.

While bilateral (and trilateral, with the U.S.) intelligence and counter-terrorism cooperation has improved since late 2001, the hostage siege in Beslan in September 2004, North Ossetia, has led to newly increased Russian pressure on her southern neighbour. High-level reiterations of Russia's doctrine of pre-emptive strikes against terrorists abroad, according to many observers, put Georgia on the hit list. In fact, Georgia periodically accused Russia of conducting cross-border bombing raids over the past several years, a charge Moscow has denied consistently.

Georgia's security dilemma became more complicated in the wake of Rose Revolution – peaceful overthrow of Shevarnadze. While Tbilisi is now entering a 'post-post-Soviet' era, the separatist enclaves remain mired in the Soviet era, looking to Moscow for support and guidance. Thus Rose Revolution has increased the gulf between the centre and Abkhazia and South Ossetia, while providing Adjara with the pretext to break relations with the central authorities.<sup>18</sup> Moscow lost no time capitalising on this. In late November 2003, the gathering was held in Moscow with participation of the Abkhaz, South-Ossetian, and Adjara leaders and Russian officials. The event was designed to blackmail Tbilisi's new leaders by 'hinting at Adjara's potential secession' and a 'possible trouble spilling' over from the other two areas.<sup>19</sup>

The visit of Georgian President Saakashvili to Moscow in February 2004 and Russia's neutrality during the crisis between Tbilisi and the Adjara leadership the following March slightly decreased tension in Georgian-Russian relations. In UN efforts to resolve conflict in Abkhazia Russia continued to play a rather passive role. In fact, Moscow has acknowledged that it issued Russian passports to more than a quarter of Abkhazia's current population (to approx. 50,000 residents). Given Russia's intensifying commitment to protect rights of ethnic Russians and citizens abroad, this action casts doubt on Russia's credibility as an impartial mediator in the Georgian-Abkhaz conflict.<sup>20</sup>

In Moldova the Kremlin poses a two-fold problem for the Euro-Atlantic community. The first is that Moldova emerged as a Russian military outpost at a strategic crossroads in Europe outside Russia's borders, on the threshold of the Balkans. Moscow is obligated to the 1999 Istanbul OSCE summit declaration to scrap or take out its remaining arsenals and withdraw its personnel from Transdnistria, a tiny but strategic



breakaway region of Moldova, by December 2002. However, Russian troops remained in Moldova even after the December 2003 withdrawal deadline – the latest in a series of OSCE deadlines and resolutions that Moscow had breached.<sup>21</sup> A major problem here is related to the fact that Russian military and government have for the past 10 years armed, financed and provided political and diplomatic support for the separatist authorities, who are in fact citizens and officers of the Russian Federation.<sup>22</sup>

Russia thought to use the settlement negotiations of the ‘frozen’ conflict in Transdnistria to revise or repudiate withdrawal commitment agreed at Istanbul in two ways. Firstly, Moscow was seeking international and Moldovan consent to legalise the Russian troops as ‘peacekeepers’.<sup>23</sup> Secondly, Moscow pressed Moldova’s President Vladimir Voronin to legalise the unlawful Russian military presence and Russian secessionist authorities in Transdnistria. The scenario envisaged handing secessionist authorities a share of power in Moldova’s central government under a federal formula and guaranteeing such a settlement through a predominantly Russian military force.<sup>24</sup> In December 2003, Russia attempted to circumvent the five-sided negotiating structure - Moldova, Transdnistria, Russia, Ukraine, and the OSCE - and negotiate a political settlement directly with Moldova and Transdnistria. The plan, advanced by a former Putin’s aide Dmitriy Kozak (later he became Presidential Representative for the North Caucasus), envisioned a broad autonomy for Transdnistria within a federal state of Moldova, along with the long-term presence of Russian peacekeepers. Hence, the so-called Kozak Memorandum would have turned Moldova into a three-part ‘federation’ composed of Transdnistria, along with a Gagauz-inhabited unit that has traditionally been manipulated by Transdnistrian leaders, and the territory that remains from Moldova. This was supposed to be done in a way that blatantly violates the principles of representative democracy and the rule of law.<sup>25</sup> In sum, the proposed ‘solution’ would have liquidated the Republic of Moldova as an independent state, which was recognized in this capacity by the world, including the Russian Federation. Fortunately, the EU and the OSCE prevailed on President Voronin not to sign this deal, and Russia’s attempt to co-opt the Moldovan leadership failed. Finally, after the parliamentary elections in Moldova in 2005 President Voronin reversed the years of cooperation with Russia and initiated a marked pro-Western shift in foreign policy.<sup>26</sup>

In recent times the situation in five Central Asian republics - Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan - has undergone a substantial evolution on the one hand, while reflecting the permanence of a number of trends on the other. Given the U.S. presence in the aftermath of 9/11, Russia has ceased, even formally, to be the sole security guarantor of this region. Although U.S. political-military presence has drastically changed the pre-existing balance of forces, such basic characteristics as the peculiarities of a complex system of inter-local and inter-clan relations, elite rivalry, socio-economic problems and corruption have remained unchanged and continue to generate threats and security challenges both in individual states and at the regional level.

Russia’s major role in Central Asia has supposedly been that of sole guarantor of the region’s internal security and its defender from external threat. However, Russia lacked attractiveness for the states undergoing the process of transformation, largely due to her inability to provide either direct financial support or indirectly, as a trade partner,

willing to purchase low-quality raw materials and manufactured goods for the sake of political dividends. Despite high Russia's interest in retaining her political and economic presence in Central Asia, there has been no regional strategy which would have balanced Russia's military-political and economic ties and made them mutually complementary.

Under Putin, Russia has made significant efforts to regain influence in Central Asia, where, due to security situation and vast energy resources, the U.S. and other Western countries continue to maintain strong interests. Central Asia possesses immense oil and gas reserves in the eastern Caspian and northern Kazakhstan regions, and is a major supplier of uranium and other minerals. Russia has considerable economic, strategic and political interests in this region. Russia's geo-strategic aim here was 'to remain strong in the area and wield power within and control over ... the CIS, thereby ensuring the security of its southern flank.'<sup>27</sup> However, Russian interests in Central Asia have appeared to be threatened by rising ethnocentric nationalism, the spread of Islamic fundamentalism and political Islam, as well as increasing third-party (e.g. Turkey, China, Iran) preponderance in Central Asia.<sup>28</sup> Therefore for years Moscow tried to create sufficient security conditions among the Central Asian states and set up separate agreements with Tajikistan, Turkmenistan, Kazakhstan and Uzbekistan to defend them against Islamic terrorist network, as well as to protect them from Islamic fundamentalism.

The year 2004 saw expansion of Russia's cooperation with Central Asian countries: growing profile of the EEC and SCO, summits of which took place in Kazakhstan's capital Astana. A number of Russian experts note the remarkable progress in the SCO institutionalisation. Opening of the headquarters of the SCO's Regional Anti-terrorist Centre in Tashkent is proves this.<sup>29</sup>

Kremlin strategists seem particularly happy with the new Treaty on Strategic Cooperation signed by Putin and his Uzbek counterpart President Islam Karimov. The accord envisages, among other things, Russia's participation in the modernization of the Uzbek Armed Forces, including air defence system. Putin has labelled the results of his talks with Karimov as a 'true breakthrough in the quality of our relationship'.<sup>30</sup> Many Russian analysts note that Uzbekistan appears to have become disillusioned with prospects for cooperation with the West and, above all, with the United States. Russia, unlike the U.S., has not been critical of the suppression of the anti-government protests in Uzbekistan in May 2005. Therefore for Uzbekistan Moscow is a more desirable partner than Washington. Moscow will do what it can to encourage a reduction of the U.S. presence in Central Asia and boost its own presence.

In Tajikistan, there was established 201<sup>st</sup> Motorised division of the Russian Army – an official and permanent military base. Kyrgyzstan enabled American flights to Afghanistan over her territory, and allowed the U.S. to set up an airbase at Kant. There was also opened a new military basis, just a few kilometres from the U.S.-led base in Manas. Although Russia's presence here remains symbolic, it, nevertheless, raises immediate concerns, such as air traffic management between the two facilities.<sup>31</sup> The establishment of an airbase can be seen as part of a strategy to regain a former presence in this republic.



Russia managed to strengthen bilateral cooperation with her mightiest rival of the CIS – Kazakhstan. Kazakhstan has increased her activities in the Caspian Sea, despite Russia's protests. The military forces of Armenia and Kazakhstan take part in the stabilization of Iraq. The results of the latest Russian-Kazakh summit proved the strength of Kazakhstan's position in her relationship with Moscow. On the one hand, Astana agreed to extend the agreement on the Baikonur space launch site until 2050 and granted Russia's Lukoil company a 50 percent share in a product-sharing agreement for the Tyub-Karagan oil field in the Kazakh sector of the Caspian shelf.<sup>32</sup> On the other hand, Kazakhstan has made the final decision to participate in the Baku-Tbilisi-Ceyhan oil pipeline project, which is opposed by Moscow.<sup>33</sup>

Kazakhstan acts in line with the traditional policy of Central Asian countries aimed at balancing among the interests of the major geopolitical players in the region, which, on top of Russia and the U.S., include also China. Friendship with the Russia is no obstacle to Kazakhstan's cooperation with the states that saw the victory of the 'colour revolution'. President of Kazakhstan Nursultan Nazarbaev entered into an agreement with Georgian President Mikhail Saakashvili for Kazakh gas supplies to Georgia. Western business has a broad representation in the strategically important oil and gas industry of the Kazakh Republic. Nazarbaev's win at the presidential elections was in no small part determined by the U.S. support.

To sum up, the priority of economics in foreign affairs gives Moscow more room for manoeuvre in keeping its grip on the FSU states. However, there is a growing number of former Soviet republics, which are seeking to avoid Moscow's domination and control and are reluctant to have close ties with Russia; they prefer instead co-operation with U.S., NATO and the EU. Ukraine, Moldova and Belarus have assumed greater geopolitical significance for both Russia and NATO, as the Alliance and the EU have expanded eastward. Russia views with dismay the westward shift in foreign policy orientation in Ukraine, Georgia and Moldova. In fact, a multi-vector policy – cooperation with both Russia and the West – is now characteristic of all CIS countries, except for Belarus.

<sup>1</sup> Arbatov, Kaiser, Legvold, p. 164.

<sup>2</sup> 'Press Conference with Leonid Ivashov, Vice President of the Geopolitical Studies Academy, on Russia-NATO Relations', Official Kremlin Int'l News Broadcast (8 May 2002).

<sup>3</sup> 'Belarus-Russian Ties Nearing Breaking Point', STRATFOR.com (14 Aug 2002); [http://www.stratfor.com/premium/analysis\\_print.php?ID=205744](http://www.stratfor.com/premium/analysis_print.php?ID=205744)

<sup>4</sup> Kobrinskaya, 'The Multispeed Commonwealth'.

<sup>5</sup> 'Putin Proposal Would Absorb Belarus Into Russia', STRATFOR.com (16 Aug 2002); [http://www.stratfor.com/standard/analysis\\_print.php?ID=205778](http://www.stratfor.com/standard/analysis_print.php?ID=205778). Stratfor is US Strategic Forecasting Agency.

<sup>6</sup> 'Belarus-Russian Ties'.

<sup>7</sup> Kobrinskaya, 'The Multispeed Commonwealth'.

<sup>8</sup> It was not coincidental that Mr Chernomyrdin, the former head of a Russian gas monopoly Gazprom was sent to Ukraine as Russia's ambassador. His task was to help Russian companies take control in Ukraine's energy sector and he succeeded.

<sup>9</sup> EEC comprises the Russian Federation, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan. Armenia and Ukraine became associate members in 2003.

<sup>10</sup> *Strategic Survey* (2004), p.127.

<sup>11</sup> Kobrinskaya, 'The Multispeed Commonwealth'.

<sup>12</sup> Socor, V., 'Georgia's Security Dilemma is a Georgian-American Opportunity', in *IASPS Policy Briefings: Geostrategic Perspectives on Eurasia*, No. 43 (7 Dec 2003).

<sup>13</sup> Bajarunas, p. 6.

<sup>14</sup> These are Baku – Tbilisi – Ceyhan oil pipeline to be completed by 2005 and Baku -Tbilisi – Erzurum expected to start active reconstruction work in early 2004. See Socor, V., ‘A Future of Two Post-Soviet Countries’, in *The Wall Street Journal Europe* (19-21 Dec 2003).

<sup>15</sup> Socor, ‘Georgia’s Security Dilemma’.

<sup>16</sup> Apart from Vanziani and Gutauta bases, which were due to be closed in 2001, Moscow keeps the Batumi and Akhalkalaki bases in Georgia. As of December 2003, only Vanziani was closed. See Socor, V., ‘Mastricht must not be another Porto’. See also Socor, V., ‘A Test Ground of Putin’s International Conduct’, in *Wall Street Journal Europe* (18-20 Oct 2002).

<sup>17</sup> Russian Defence Minister S. Ivanov said that Russia has not taken upon itself any obligation under the CFE Treaty to withdraw troops from its bases from Georgia; it was only a political commitment, which was outside the framework of the formal treaty. See Ivanov, S. ‘Russia and NATO: strategic partners in response to emerged threats’, Talking points for remarks (IISS: London, 13 July 2004).

<sup>18</sup> Socor, ‘A Test Ground of Putin’s International Conduct’.

<sup>19</sup> Ibid.

<sup>20</sup> *Strategic Survey* (2004), p. 127.

<sup>21</sup> Socor, V., ‘Standing up to Putin’s imperial ambitions’, in *Wall Street Journal Europe* (19 Sept 2003).

<sup>22</sup> Socor, V., ‘From Russia’s near-abroad to the West’s neighbourhood’, in *Wall Street Journal Europe* (10-12 May 2002).

<sup>23</sup> ‘Security Priorities in the Black Sea-Caspian Region – Part 2’, in *IASPS Policy Briefings: Geostrategic Perspectives on Eurasia*, No 28 (15 Oct 2003).

<sup>24</sup> Socor, ‘Standing up to Putin’s imperial ambitions’.

<sup>25</sup> In the ‘federation’s’ central bodies, Trans-Dniester and Gagauzia receive a massive overrepresentation, guaranteed by numerical quotas out of all proportion to their size, while rump-Moldova would be underrepresented, also out of all proportion to its population. See ‘Appeal of Civil Society Representatives of the Republic of Moldova to the USA, the European Union and its member countries, the new democracies in Baltic and Central-Eastern Europe, and Moldova’s neighbours - Romania and Ukraine’ (24 Nov 2003).

<sup>26</sup> Since repudiating the Kozak memorandum. President Voronin has become increasingly insistent on a Western-brokered solution, most recently suggesting the new format of talks, including the U.S., the EU and Romania, as well as the three current intermediaries (Russia, Ukraine, the OSCE).

<sup>27</sup> Thomas, T.L., and Shull, J., ‘Russian National Interests and the Caspian Sea’, in *Perceptions* (Dec 1999-Feb 2000), p. 75.

<sup>28</sup> ‘Russia and the Near Abroad’, in *Foreign Policy Issues*, Lesson 5, Center for Strategic & International Studies (CSIS); <http://www.csis.org>.

<sup>29</sup> Torbakov, I., ‘Russia’s Eastern Offensive: Eurasianism versus Atlanticism’, in *The Jamestown Foundation Eurasia Daily Monitor* (24 June 2004); [www.jamestown.org](http://www.jamestown.org).

<sup>30</sup> Putin quoted in *ibid*.

<sup>31</sup> *Strategic Survey* (2004), p. 126.

<sup>32</sup> The oil field’s resources are estimated at 150 million tons of equivalent fuel. Also, Kazakhstan granted Lukoil a contract for geological prospecting in the neighbouring Atash offshore sector (130 million tons of equivalent fuel). See Kobrinskaya, ‘The Multispeed Commonwealth’.

<sup>33</sup> Ibid.



## Appendix D: Collective Security Treaty Organisation in the post-Soviet space

The dissolution of the USSR at the end of 1991 led to the break-up of the uniform defence space, including its components such as nuclear forces, air defence systems, and the MIC. The Russian Federation, struggling to hold its position as a great power, tried to maintain its dominance in the post-Soviet space by using various means, especially the military-political ones.

In May 1992, a Collective Security Treaty (CSO), also known as the Tashkent Treaty, was signed. Those agreeing to the treaty were Russia, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Countries which renounced the treaty were Moldova, Turkmenistan and Ukraine. The Tashkent Treaty reflected a mix of a typical military alliance (its *casus belli* was aggression against one of the members) and a collective security system (the treaty authorized the parties to solve conflicts in the post-Soviet space).

In reality, the CSO was not effective. Russia failed to establish a reliable collective defence alliance in the CIS. The core of the rebellious group consisted of Georgia, Azerbaijan, Ukraine, and Moldova, which sought to integrate in the Western security and political structures, and Uzbekistan, which desired a leadership role in Central Asia. In 1997, these states created an economical-political organisation GUUAM, leaving Russia with a weakened sphere of influence. In 1999, the refusal of Georgia, Uzbekistan and Azerbaijan to renew the CST made the ambitions to create a trustworthy security mechanism within the CIS hollow.<sup>1</sup>

Throughout the 1990s, the only successful enterprise of the CIS was common air defence system. It started to operate in 1995 and comprised ten CIS states, but its line-up changed very quickly. In 1997, Georgia and Turkmenistan withdrew from it. Russia was forced to cooperate on a bilateral basis with Uzbekistan and Ukraine. The future of the air defence system became a source of worry for Russia.

The creation of the CSTO in May 2002 was aimed, first of all, at consolidating Russia's military presence in the CIS by transforming the CST into the CSTO. Its members became states that in 1999 continued the Tashkent Treaty - Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan - the most faithful Russian allies. The emphasis is placed on the adaptation of armed forces to take part in modern wars, especially against terrorism, and regain global power-projection capabilities.

According to political analysts, the creation of the CSTO was calculated to coincide with NATO meeting in Reykjavik in 2002, which approved a role for Russia in some of the Alliance's decision-making processes through a newly created NATO-Russia Council. It signalled, as Vladimir Socor, Senior Fellow of the Washington-based Institute for Advanced Strategic and Political Studies, put it, that 'Moscow feels entitled to set up an "eastern" bloc of its own', seemingly in response to NATO, and notwithstanding the latter's opening to Russia.<sup>2</sup> In many opinions, it meant the counter-

balance to U.S. presence in Central Asia after 9/11, despite that Moscow accepted that presence.<sup>3</sup>

Obviously, this Kremlin project was rooted in the Soviet past. Nevertheless, Putin tried to tone down the CSTO's anti-Western stance, saying that the organisation was not created to offset NATO, rather it could work together with the Alliance. According to Putin, the CSTO was set up to react to a fast changing global security context and could in the future cooperate with other security organizations. Member countries of the CSTO, in his words, 'are not united against someone, but against threats'.<sup>4</sup> The anti-terrorist campaign in Afghanistan in the autumn 2001 highlighted the ineffectiveness of CST in terms of coordination of actions, as Central Asian countries, rather than pursuing traditional military cooperation with Russia, started to give preference to bilateral relations with the U.S. Founding the new organization was a chance for Moscow to reassert its influence in former Soviet republics.<sup>5</sup> Russia expected that the CSTO would oblige its member states to co-ordinate their military relations with foreign countries. Putin clearly hoped that his alignment with the West against terrorism might earn him a 'tacit Western acceptance of his bloc-rebuilding agenda'.<sup>6</sup> That agenda included: the right to introduce Russian troops on the territories of the former Soviet countries; an exclusively Russian 'peacekeeping' role there; monopolizing the transit of Caspian oil and gas to Western consumer countries; and so on.<sup>7</sup>

The appointment of Nikolay Bordyuzha<sup>8</sup> in 2003 as Secretary General of the CSTO showed Moscow's efforts to elevate the status of this organisation on the international arena: it has been granted an observer status in the UN General Assembly and recognized by the OSCE and the SCO. The CSTO summit meeting in Kazakhstan's capital Astana in June 2004 was a further step towards its consolidation. The leaders of member states discussed regional security issues and underscored their desire to establish practical cooperation with NATO, especially in Afghanistan. They also agreed to intensify military cooperation, especially in relation to the development of the CSTO's RRF. In 2004, joint RRF increased nearly 2,5 times. In addition, Moscow suggested creating Special Purpose Forces under the leadership of the Russian General Staff. In June 2005, the meeting of the CSTO Collective Security Council - the main CSTO's body - was held in Moscow. The meeting's decisions reflected the will to create the CSTO's military component. In particular, the members discussed a plan for the development of integrated air defence systems and the RRF capability improvement in Central Asia. Additionally, the commission for military-economic cooperation was established with the aim to achieve closer cooperation between military industries.

Moscow envisaged setting up three CSTO regional groups of RRF: a Western group (Russia and Belarus), a South Caucasus group (Russia and Armenia), and a Central Asian group (Russia, Kazakhstan, Kyrgyzstan and Tajikistan).<sup>9</sup> As in the old Warsaw Pact, each member country would assign selected military units to joint forces for exercises or operations. Each group would function under Russian command in the region, all groups - under the central command in Moscow.<sup>10</sup> These plans notwithstanding, limited military capabilities have kept the CSTO mainly political in nature: at present the Central Asian RRF group, with its HQ in Bishkek, remains the only multinational CSTO force.<sup>11</sup>



Two regional military groupings were established within the CSTO - Russian-Belarusian (about 200,000 troops) and Caucasian (practically Russian-Armenian).<sup>12</sup> The CSTO practically took over the common air defence system of the CIS. It is made of 20 command control units and 80 combat units, including rocket regiments, fighter aviation, and radio electronic units. The first phase of the exercise of air defence system took place in Russia in June–September 2005. It was formally defined as the CIS exercise, but only the CSTO countries took part in it. It marked the next step of Russia's plan to replace the air defence system of the CIS with the integrated system of the CSTO.

However, the CSTO countries still remain weak states, and this requires Russia to finance modernization of their military forces. What is worse, these states, even the group of core members, are not very inclined to follow Russia's demands. For instance, despite Russia's protests, Kazakhstan increased her activities in the Caspian Sea. The military forces of Armenia and Kazakhstan took part in the stabilization of Iraq. Kyrgyzstan enabled American flights to Afghanistan over her territory and allowed the U.S. to set up an airbase at Kant. At the same time, Kazakhstan and Kyrgyzstan, which cover 30 percent of the air space of the CSTO, did not participate in an active phase of air defence exercises in September 2005.<sup>13</sup>

<sup>1</sup> Kværnø, 'When Security Strategies Collide', p. 85.

<sup>2</sup> Socor, V., 'Unhappy echoes of the Warsaw Pact; happily, sans Poland', in *Jamestown Foundation Monitor* (24 May 2002).

<sup>3</sup> Interview with S. Blank. He is also of opinion that the CSTO is anti-NATO and anti-Chinese organisation. The Chinese have done exercises for two years and they have some direct military assistance programs in various Central Asian countries, and Russia does not like this.

<sup>4</sup> Briand, S., 'Russia, five ex-Soviet republics create new military structure', in *APF* (14 May 2002).

<sup>5</sup> A. Piontovsky quoted in Briand.

<sup>6</sup> Socor, V., 'Unfinished after 1991, renewed after September 11', in *Wall Street Journal* (13 Sept 2002).

<sup>7</sup> Ibid.

<sup>8</sup> Previously Bordyuzha was a head of the Federal Border Service of the Russian Federation, head of Security Council of the RF, head of the Presidential Administration.

<sup>9</sup> RRF were created on 25 May 2001 under the agreement of four CST members – Russia, Kazakhstan, Kyrgyzstan and Tajikistan. In 2003, these forces were increased by aviation grouping based in Kant military basis of Kyrgyzstan.

<sup>10</sup> Socor, 'Unhappy echoes of the Warsaw Pact'.

<sup>11</sup> It consists of one brigade with about 1,800 soldiers, with one earmarked battalion each from Russia, Kazakhstan, Kyrgyzstan and Tajikistan. The Kant air force unit is a part of this the Central Asian RRF (approx. 500 personnel). With small contingents in other Central Asian states there is a Russian troop concentration in Tajikistan, consisting of the 201<sup>st</sup> Motorised Rifle Division and Border Guard Forces (in total 20,000 troops).

<sup>12</sup> Kaczmarek.

<sup>13</sup> Ibid.

## Appendix E: Russia's theoretical and practical possibilities to join NATO

Whether NATO enlargement process could eventually lead to Russia's membership of the Alliance remains nonetheless an unresolved issue. It poses a two-fold question. On the one hand, the provisions of the *NATO Study on NATO Enlargement*, such as promoting stabilisation and democratisation, offer no grounds for excluding Russia.<sup>1</sup> To rule this out is to reinforce the belief in Moscow that NATO is being expanded to become an anti-Russian Alliance.<sup>2</sup> On the other hand, admission may make sense only as a symbolic ritual for including Russia in the Western world. Ironically enough, the ten Central and Eastern European members of NATO, the Baltic States in particular, want security guarantees to protect themselves from Russia. From a practical viewpoint, Russia's inclusion in NATO would only undermine the Alliance as a military organisation, the main purpose of which still is collective defence (article 5) against external threats. And it would be naive to believe that NATO could ignore all the necessary military requirements for membership and admit Russia as ballast. Moreover, Russia herself does not need such a role.<sup>3</sup>

Within Russian pro-Western elite there are two schools of thought concerning NATO. The school wants Russia to seek NATO membership, at least at the political organisation, or to obtain an associate status.<sup>4</sup> This school argues that only by acquiring membership can Russia finally change the old anti-Russian essence of the NATO Alliance. Second school, criticizing NATO for its weaknesses, proposes cooperation on an *ad hoc* basis. According to this view, institutional commitments of any kind, let alone NATO membership, would deprive of Russia of freedom of action, she would have to sacrifice her interests to those of Atlantic solidarity.<sup>5</sup>

Arkady Moshes, Head of Russia and EU programme of the Finnish Institute of International Affairs, argues that accepting Russia as a full member of NATO would entail a number of consequences that current members would rather avoid. First, engaging Russia into intra-NATO process 'would diminish the influence of the United States and make the role of small European states even less visible'. Second, Americans cannot easily exclude the possibility of Russia trying to play a European 'card' against the U.S. Above all, decision making within NATO will be extremely complicated taking into account the difference of approaches between Russia and Western states towards many international issues.<sup>6</sup>

Russia's full membership of NATO would expose the Alliance to potential risks of military conflicts in the South and Far East along Russian borders. It would bring NATO to the borders of China, and require a commitment on behalf of its members to defend Russia against a supposed attack of the world's most populous state. Such a development would be just as unacceptable in Brussels, as in Beijing.<sup>7</sup> Above all, extending membership for Russia, however, would mean emptying the Alliance of its collective defence substance and 'OSCE-zation'<sup>8</sup> of NATO, i.e. its evolution towards a discussion club with decreased military capabilities.



Even if NATO decided to transform itself into a political European organisation, in which Russian membership would currently make practical sense, this would take years. First, Russia's policies in the CIS and Chechnya, as well as Russia's domestic reforms, are incompatible with NATO membership. Second, Russia is too big and its problems are too intractable for Putin to achieve broad Russian integration with Western economies any time soon.

As for Russia, the outcome of joining NATO would entail some negative consequences. First, immediately after applying for membership Moscow would lose its freedom in foreign policy. Second, there is a risk that well before becoming full member and obtaining security guarantees for herself, Russia would become '*a de facto* shield for the West vis-à-vis southern threats to their security'.<sup>9</sup> Third, what would have to happen to the whole system of relations inside the CIS and its collective security system? Finally, the Russian leadership declared many times that Russia is not going to join NATO, as it stands today, in the near future. Her own armed forces could scarcely be integrated into the NATO machine, involving intrusive inspections, compatible equipment and a single military command. A Russian veto over NATO's operations would be unacceptable.

The listed points concerning Russia's NATO membership, as Moshes put it, 'seems to make the whole affair a non-issue in the foreseeable future'.<sup>10</sup> Therefore Russia and NATO should rather focus now on seeking better ways of working together to address the problems of the post-Cold War era. As for the form of Russia's involvement in European security structures, Russia seeks to become an equal partner of NATO in the creation of a new system of European security.

<sup>1</sup> 'NATO Study on NATO Enlargement' (Sept 1995); <http://www.nato.int/docu/basicxt/enl-9502.htm>.

<sup>2</sup> Yost, D. S., *NATO Transformed. The Alliance's New Roles in International Security* (Washington: United States Institute of Peace, 1998), pp.145-151.

<sup>3</sup> Safranchuk.

<sup>4</sup> 'Russia and the Globalisation Process: What to do?', in *Strategy for Russia: 10 Years of CFDP*, Council on Foreign and Defence Policy (Moscow: Vagrius), p. 802.

<sup>5</sup> Pushkov, A., 'Why We Don't Need to Enter NATO', in *Nezavisimaya Gazeta* (27 Nov 2001).

<sup>6</sup> Moshes, A., 'Russia and NATO: Analysis of Russian Perceptions', in Heurlin, B., Rasmussen, M., (eds.), *Challenges and capabilities – NATO in the 21<sup>st</sup> Century* (Copenhagen, 2003), p. 38.

<sup>7</sup> Webber, p. 40.

<sup>8</sup> Moshes, 'Russia and NATO', p. 38.

<sup>9</sup> Ibid., pp. 39-40.

<sup>10</sup> Ibid., p. 40.

## Appendix F: Frameworks of interaction between Russia and the EU

There are many points of interaction in the EU-Russia dialogue: economic development; common security; trans-boundary problems, including the most sensitive visa and transit issues; stimulation of contacts between people and places; social issues, etc. The instruments and *fora* that the EU is utilising for the *oblast* are the PCA, CSR, Technical Assistance to the CIS (TACIS), the CBSS, and the ND.

The CBSS has contributed a great deal to the development of the common goals and identity of the Baltic Sea region. The strength of this framework is its regional foundation, involving the Commission, EU member states (prior to the EU enlargement it involved candidate countries – the Baltic States and Poland) and Russia on an equal footing.<sup>1</sup> The CBSS acts both as a co-ordinator and initiator of regional cooperation, as well as a mediator and an active partner for the EC in the implementation of the ND Action Plan.

Equally it is also worth noting that the EU has room to improve upon. First and foremost, it has to bring full consistency into the PCA, CRS and ND, when dealing with Kaliningrad, since the current frameworks are too loose to be effective. For instance, the PCA and the CSR make up Brussel's framework for Russia – and not especially for the *oblast*. Moreover, the ND, which is implemented through the PCA and CRS, is also not well equipped when it comes to the Kaliningrad issue, as it does not present the *oblast* with a 'concept and means of implementation of sustainable development and structural reform'.<sup>2</sup> This initiative also suffers from a lack of continuity due to the changing presidency of the EU. Neither is there coordination of the financial instruments of the EU: TACIS, PHARE and INTERREG.<sup>3</sup> All in all, there is a need for a more stable and viable policy towards Kaliningrad.

Moscow's response to the CSR was the 1999 Russian MTS towards the EU.<sup>4</sup> Whilst reiterating many of CSR priorities, the document also included Moscow's proposal for a special agreement with the Union on Kaliningrad, which it wanted to be anchored within the Russian Federation, but which could also be used to transform Kaliningrad *oblast* into a 'pilot' region for EU-Russian cooperation. How this could be brought about has not been detailed.

Differences in the language used between the CSR and Russia's middle-term strategy (MTS) are noteworthy. The EU in the CSR contains many references to support and assistance. Moscow, however, does not speak about 'support' but wants to utilise the EU's economic potential and management experience. Moreover, the readmission agreement is a priority in the CSR, but it has not even been mentioned in Russia's MTS. An important view, shared by the Union and Russia, is the need for Moscow to harmonise its standards and legislation with those of the EU.<sup>5</sup>

The Communication of the European Commission (EC) of January 2001 was a breakthrough in the EU's approach towards Kaliningrad.<sup>6</sup> The key aim of this document, whose bottom line is that the *oblast* can only gain from enlargement, is to



contribute to a debate between Russia and the EU on the future development of the region by involving Kaliningrad itself (as well as Lithuania and Poland). How much of a 'special case' for Kaliningrad is allowed by the EU? It could be said that the *oblast* is not in isolation if one is looking for opportunities. But so far Russia EU dialogue has been too general and too slow. The Kaliningrad issue attracts a great deal of attention, there is a proper strategy on paper, but the EU-Russian summit of May 2002 brought the parties concerned crashing back to earth. How could they break this vicious circle? In these deliberations one thing is clear - the final responsibility for Kaliningrad remains with Russia, and Russia herself should be more active in reducing the isolation of the *oblast*.

The main problem is that Moscow itself does not have a consistent approach to the future of Kaliningrad.<sup>7</sup> If the Kaliningrad region is a pilot region, it will require Russia to give a more concrete substance to this vague idea.<sup>8</sup> An obstacle to overcome is that it is too much bureaucracy on both sides. Obviously, pragmatic dialogue is much more useful than continuing political discussions. A point to be taken in to account: whereas the EU operates through institutions, Russia is governed by personalities.

<sup>1</sup> Although the ND Initiative is a replica to the CBSS in some way, the important difference is that in the CBSS the EC and Russia are on an equal footing with other participants, which helps the Council to achieve a higher level of inclusiveness than in NDI, where the EC has ultimate authority.

<sup>2</sup> Carlsen, P., 'Co-operation in the Baltic sea region', Paper presented at the 11<sup>th</sup> Baltic Sea Parliamentary Conference (St. Petersburg, 30 Sept – 1 Oct 2002), p. 4.

<sup>3</sup> TACIS is primarily used in support of the implementation of the PCA, but it is also the main financial instrument of the CSR and one of the tools of the ND (with PHARE and Interreg). See Huisman, p. 18.

<sup>4</sup> Medium-term Strategy for Development of Relations between the Russian Federation and the European Union (2000-2010); [http://europa.eu.int/comm/external\\_relations/russia/russian\\_medium\\_term\\_strategy/index.htm](http://europa.eu.int/comm/external_relations/russia/russian_medium_term_strategy/index.htm).

<sup>5</sup> Ibid.

<sup>6</sup> 'The EU and Kaliningrad', Communication from the Commission to the Council, COM (2001).

<sup>7</sup> See 'Russian President Remarks'.

<sup>8</sup> Timmermann, H., 'Kaliningrad kak pilotnyy region dlya formirovaniya partnerstva mezhdru EC i Rossiey' [Kaliningrad as a pilot region in the creation of partnership between the ES and Russia], in *R.U.E.* (Moscow 2002).

## **Appendix G: Baltic Defence Projects<sup>1</sup>**

Together with Latvia and Estonia Lithuania runs a number of internationally supported defence cooperation projects, including a Baltic Air Surveillance Network (BALTNET) with a Regional Air Surveillance and Co-ordination Centre (RASCC) in Karmėlava (Lithuania), a Baltic Naval Squadron (BALTRON), and a Baltic Defence College (BALTDEFCOL) in Tartu (Estonia). A joint Baltic (Peace Forces) Battalion (BALTBAT), with its main training base in Adazi (Latvia), was terminated in 2003 as having fulfilled all its tasks.

Cooperation among the Baltic States, especially in its early stage, cannot be imagined without the support and mediation of third parties. Western support to these projects was co-ordinated by the following countries: for BALTBAT - Denmark, BALTNET - Norway, BALTRON - Germany, and BALTDEFCOL - Sweden. Since 1997, experts from the Ministries of Defence and Ministries of Foreign Affairs of Western supporting nations joined in the Baltic Security Assistance (BALTSEA) management group. This expert-level unit matched actual Baltic development requirements in the defence area with the possibility of fourteen supporting nations to assist the Baltic States in specific fields of activities. This group also co-ordinated bilateral assistance and multilateral support to the Estonian-Latvian-Lithuanian defence cooperation projects. Taken together, the multilateral Baltic defence cooperation projects ensured a more cost-efficient use of resources of the Baltic States and their supporters.

The BALTBAT project was set up in 1994 with the aim of participating in peace operations under the auspices of the UN or other international organisations. Its development was centred on the gradual conversion of BALTBAT into a light infantry force with the necessary anti-air, anti-armour and other self-defence capabilities, able to perform tasks going beyond the scope of traditional peacekeeping. The BALTBAT project was also subject to the following developments: short-term deployment options, the development of national battalions and training centres within the BALTBAT system in each of the Baltic countries, training of replacement personnel, and creation of logistics system adequate to sustain future deployments. In 2000, the reorganisation of BALTBAT from a peacekeeping to an infantry battalion was completed. This reorganisation was aimed at preparing the battalion for participation in a wider spectrum of international operations and establishing the basis for BALTBAT's long-term participation in these operations. Since 2001, following the BALTBAT model and experience acquired in the course of implementation of the project, Estonia, Latvia and Lithuania started to develop their national battalions – ESTBAT, LATBAT and LITBAT - which were to ensure continuous training of BALTBAT personnel and logistic support for the national BALTBAT units. Upon formation of national battalions, the Baltic States were ready to continue participation in international operations by sending BALTBAT infantry companies to support them. The battalion operated until 2003.

The BALTRON project was initiated in 1998 and was designed to bring about closer and more effective cooperation between the Baltic Navies. It consists of 3-4 Estonian,



Latvian and Lithuanian ships that are to perform mine clearance operations in the Baltic Sea and possibly beyond. BALTRON is also expected to become a standing naval force and to be made available for international peace operations. An international staff authorised by the Commanders' Committee of Estonia Latvia and Lithuania commands the Squadron. The BALTRON Commander's and other international staff positions are assigned to each Baltic State in accordance with the rotation principle. Since 1999, the Naval Communication Operator Training Centre started functioning in Tallinn, Estonia. In 2000, a mine-hunting simulator was installed in Liepaja, Latvia. In 2001, a BALTRON diver-training and a "Lindau" type mine-clearing equipment service and repair centres were also opened in Liepaja. Presently BALTRON is focussed on mine clearing operations, high readiness mine counter measures, and patrol craft capable of participating in Article 5 and crisis response operations.

As the host country of the Regional Air Surveillance Co-ordination Centre (RASCC), Lithuania plays a special role in the Baltic Air Surveillance Network – the BALTNET project. The project was developed under the Regional Airspace Initiative proposed by the United States in 1995 and with financial support provided by the U.S. Congress. The aim of the project was to create a Baltic air space surveillance network. Inaugurated in 2000 the RASCC (established in the framework of the BALTNET project), together with three other national nodes in Estonia, Latvia and Lithuania, which are linked by radar and communication network, comprise BALTNET. The RASCC personnel are internationally manned, i.e. all three Baltic States are represented here. The RASCC collects data from Lithuania, Estonia and Latvia, and produces a consolidated air image over the Baltic States. The recognised air picture is then disseminated to the national nodes (that are responsible for airspace security and defence) and, by agreement, to other countries. The system is fully compatible with that used by NATO. In 2005, the RASCC was transformed into Control and Reporting Centres (CRC) of NATO Integrated Air Defence System (NATINEADS) for recognized air picture exchange.

The Baltic Defence College - BALTDEFCOL – was established in 1999. Its aim is to train senior staff officers of the Baltic States who are going to serve within their Ministries of Defence, the Armed Forces and international staffs, to work as defence attachés or instructors at the national military education institutions. The curriculum at BALTDEFCOL is adjusted to the specific conditions of the Baltic States, taking into account their geo-strategic environment and their current Armed Forces. The training process is based on maximum application of NATO procedures and standards as well as modern computer technologies and training methods. BALTDEFCOL provides excellent training not only to the Baltic military but is also assisting their partners. Most of the teachers at the Baltic Defence College are military experts from Western countries, such as Sweden, Denmark, the UK, the U.S, Norway, Finland, Switzerland, and Germany.

<sup>1</sup> *White Paper '99*, Ministry of National Defence of the Republic of Lithuania (Vilnius, 2000), pp. 14-17. See also *White Lithuanian Defence Policy Paper*, Ministry of National Defence of the Republic of Lithuania (Vilnius, 2002), pp. 14-16.

## **Appendix H: Russian military transit to/from Kaliningrad via Lithuania: historical and legal background**

Russian military transit to/ from the Kaliningrad *oblasts* was one of the most pressing problems in Lithuanian-Russian relations in 1993-1995.<sup>1</sup> The origin of currently applied legal regulations for Russia's military transit via Lithuania dates back to January 1992, when the Lithuanian and Russian governments began negotiations on Russian troop withdrawal from the territory of Lithuania.

Russian troop withdrawal from Lithuania took place until 31 August 1993. Until then Russia's military transit to/ from Kaliningrad across Lithuanian territory was carried out only on the basis of *ad hoc* permissions of the Lithuanian government. Simultaneously, due to the withdrawal of Soviet military formations from the German Federal Republic, their transportation, including military equipment, was executed through the territory of Lithuania. It continued till the end of 1994, well after Soviet troops withdrew from Lithuania. On 18 November 1993, the Lithuanian and Russian governments concluded a special agreement (with a fixed term of expiration) to set out the order of transportation of military cargos and personnel from Germany.<sup>2</sup> Primary transport line from the Kaliningrad *oblast* to the Russian Federation is shown in map 7. After the agreement's expiration on 31 December 1994 it was extended for another year with an automatic prolongation for the following years, provided no party made a request to terminate it. The prolongation of the regulation procedure of the military transit was acknowledged as the basis of exchange of the diplomatic notes between the Ministries of Foreign Affairs of the Republic of Lithuania and the Russian Federation. This was a compromise reached in the negotiations with Russia, trying to avoid the conclusion of a legal (political) treaty on military transit.

In 1993-1995, upon the withdrawal of Russian troops from Lithuania, Moscow started to press Vilnius in order to impose a long-term political treaty for military transit. In October 1994, the Lithuanian government approved regulations on the transit of dangerous and military cargos of foreign states across the territory of Lithuania.<sup>3</sup> Russia, however, did not agree with the application of these regulations to her military cargos to/from Kaliningrad. Lithuanian authorities, in turn, refused to conclude any special treaty with Russia on the military transit that would impose certain obligations on the country. High-ranking Lithuanian officials stressed very clearly that Lithuania would neither be committed in advance to ensure any military transit, nor is she obliged to allow such a transit via Lithuania. Above all, the execution of military transit should be understood merely as an expression of good will from Lithuanian side.

Russia used various means to impose a legal treaty. For instance, she precluded the enforcement of trade agreement between Lithuania and Russia (signed in Vilnius on 18 November 1993), by asking and receiving EU support on this issue.<sup>4</sup> Under the circumstances of pressure and trying to avoid an imposed treaty, Lithuania had agreed to apply to the Russian military transit the same regulations as the 1993 agreement, concerning the transit of Russian troop withdrawal from Germany. Finally, on 18 January 1995, after the exchange of notes between Lithuanian and Russian Ministries of



Foreign Affairs, the Lithuanian government extended to the Russian Federation the transit procedure for military materials and dangerous cargos by railway via Lithuanian territory. In response, Russia stated in her note the intention to start the implementation of the Lithuanian-Russian agreement on trade and economic relations of 18 November 1993, which allowed Lithuania the most-favoured nation regime in trade with Russia. Thus, by presenting her note to Russia, which actually confirmed continuity of transit practice in accordance with previously set rules, Lithuania solved the issue of military transit without concluding a new treaty. The extension of the transit procedure was valid until 31 December 1995, and is further renewed annually. As a result, from 1995 up to now, Russian military transit by railway is being regulated by legal procedures that are automatically prolonged each year.

In practice, Russian military transit is being carried in accordance with the Lithuanian legislation, the Government's Resolution No.938 (3 October 1994) *On Approval of Regulations of Transportation of Dangerous and Military Goods of Foreign States across the Territory of the Republic of Lithuania*. It sets the detailed order of military transit by railway. During the years this resolution was modified. The amendments served to improve the practical execution of military transit, e.g. setting the institutional framework: the Military Movement Control Centre of the Lithuanian Ministry of National Defence is an institution responsible for taking control of the military transit, i.e. its planning, coordination and execution. Some of the amendments are related to Lithuania's accession of the European Union (the Lithuanian commitments to implement the Shengen *acquis*); some were necessary because the earlier provisions of the resolution constituted an infringement of the UN, EU or OSCE sanctions.





Map 7. Russian military transit (primary transport line) via Lithuania<sup>5</sup>

Note: the rail link of military transit from Russia's mainland to Kaliningrad goes along the most direct route: across the territory of Belarus, then via Vilnius and Kaunas to the oblast.



Table 3. Military cargo movement of the Russian Federation, to/ from the Kaliningrad *oblast* via the Republic of Lithuania<sup>6</sup>

Name of cargo	Railcars (numbers)									
	Year 1997		Year 1998		Year 1999		Year 2000		Year 2001	
	To KO	From KO	To KO	From KO	To KO	From KO	To KO	From KO	To KO	From KO
Supplies (wagons)	5023	119	1285	116	3680	128	2583	58	3231	96
Explosives	27	62	15	61	9	210	-----	-----	-----	-----
Equipment	21	117	144	245	96	108	22	183	74	96
Rocket fuel	-----	32	-----	-----	2	-----	-----	-----	-----	-----
Weapons	-----	28	33	15	79	83	-----	41	15	26
Troops	7966	2919	8838	2168	10086	2971	8985	4165	10813	2680

Name of cargo	Railcars (numbers)							
	Year 2002		Year 2003		Year 2004		Year 2005	
	To KO	From KO	To KO	From KO	To KO	From KO	To KO	From KO
Supplies (wagons)	2498	82	2973	70	1947	94	2598	83
Explosives	----	----	-----	-----	-----	-----	-----	-----
Equipment	38	132	54	218	37	42	20	113
Rocket fuel	-----	-----	-----	-----	-----	-----	-----	-----
Weapons	21	107	2	5	6	132	----	13
Troops	3296	254	4364	1075	2839	852	259	222

KO – the Kaliningrad *oblast*

#### NOTES:

1. Explosives, weapons and part of military equipment are escorted. Railcars for the escort are included in this table.
2. In June 2000, 25 railcars with chemical weapons' destruction equipment crossed Lithuanian territory from Germany to Russia. In 2003, there were 12, in 2004 – 24, in 2005 – 234 railcars.
3. According to Government's Resolution No. 691 (19 June 2000) the transportation of rocket fuel is forbidden.
4. Russia is asked to restrain the transportation of explosives, until appropriate decisions are made.

Overall, since the year 2000, only 4 types of cargo have been transported: supplies, military equipment, weapons and troops; the main cargo are supplies and troops to Kaliningrad. The content 'supplies' is purely of the household nature: coal, clothes and food. Military cargos, such as equipment, and especially weapons, do not make up a significant amount and tend to decrease. Small infringements occasionally occur from Russian side, such as: military transports with supplies do not have necessary registered documents; belated submission of additional transit plans (it is required 24 hour notice for military transport; 12 hour notice – for military commands); military transports enter Lithuanian territory without a earlier co-ordinated plan (it has to be presented 21 days before), etc. These problems are being solved at a working level between the officials of the Military Movement Control Centre and Russian authorities.

<sup>1</sup> 'Information regarding Russian military transit to and from Kaliningrad', Non-Paper, Ministry of National Defence of Lithuania (Vilnius, May 1998).

<sup>2</sup> Transit route was from Mukran ferry (Sassnitz) through Klaipėda seaport, then by rail to Belarus. The Agreement 'On the Transit of Troops and Military Cargo of the Armed Forces of the Russian Federation Withdrawn from the German Federal Republic of Germany through the Territory of the Republic of Lithuania' (18 Nov 1993). Transit route was from Mukran ferry (Sassnitz) through Klaipėda seaport, then by rail to Belarus.

<sup>3</sup> 'Regulations for Transportation of Hazardous and Military Cargo'.

<sup>4</sup> In Dec 1994, there was a press release on behalf of the embassies of the EU states, stating that Lithuania should make an agreement with Russia on military transit, which would contribute to the stability in the Baltic Sea region.

<sup>5</sup> See [http://www.lib.utexas.edu/maps/europe/lithuania\\_pol98.jpg](http://www.lib.utexas.edu/maps/europe/lithuania_pol98.jpg)

<sup>6</sup> Data provided by the Military Movement Control Centre of Lithuania.